

Economy and Transport Board

Agenda

Thursday 31 January 2013
11.00am

Smith Square Rooms 1 & 2, Ground Floor
Local Government House
Smith Square
London
SW1P 3HZ

To: Members of the Economy and Transport Board
cc: Named officers for briefing purposes

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Economy and Transport Board

31 January 2013

The **Economy and Transport Board** meeting will be held on **Thursday 31 January 2013 11.00am** in **Smith Square Rooms 1 & 2**, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ.

Please note that there will be a Lead Members' Pre-meeting at 9.15am in Meeting Room 6.

Refreshments will be available upon arrival and lunch will be at 1.00pm.

Apologies

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting, so that a substitute can be arranged and catering numbers adjusted, if necessary.

Labour:	Aicha Less: 020 7664 3263 email: aicha.less@local.gov.uk
Conservative:	Luke Taylor: 020 7664 3264 email: luke.taylor@local.gov.uk
Liberal Democrat:	Group Office: 020 7664 3235 email: libdem@local.gov.uk
Independent:	Group Office: 020 7664 3224 email: independentgroup@local.gov.uk

Attendance Sheet

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

Location

A map showing the location of Local Government House is printed on the back cover.

Contact

Virginia Ponton (Tel: 020 7664 3068, email: virginia.ponton@local.gov.uk)

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This is available in Local Government House for visitors. It can be accessed by enabling "Wireless Network Connection" on your computer and connecting to LGH-guest, the password is: Welcome2010LG.

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Economy & Transport Board - Membership 2012/13

Councillor	Authority
Conservative (8)	
Tony Ball [Vice-Chair]	Basildon DC
Andrew Carter	Leeds City
Philip Atkins	Staffordshire CC
Martin Tett	Buckinghamshire CC
Gillian Brown	Arun DC
Nick Clarke	Cambridgeshire CC
Ann Steward	Norfolk CC
Mike Whitby	Birmingham City
Substitutes:	
Heidi Allen	St Albans City and DC
Phillip Bicknell	Windsor & Maidenhead RBC
Arif Hussain JP	Wycombe DC
Bob Lanzer	Crawley BC
Labour (6)	
Peter Box CBE [Chair]	Wakefield MDC
Claire Kober	Haringey LB
Chris Roberts	Greenwich LB
Barrie Grunewald	St Helens MBC
Joan Dixon	Derbyshire CC
David Wood	Tyne & Wear ITA [Chair of ITA SIG]
Substitutes:	
Tony Page	Reading Council
Liberal Democrat (3)	
Roger Symonds [Deputy Chair]	Bath and North East Somerset Council
Heather Kidd	Shropshire Council
Colin Rosenstiel	Cambridge City Council
Substitute:	
Ian Stewart	Cumbria CC
Independent (1)	
Mike Haines [Deputy Chair]	Teignbridge DC
Substitute	
Peter Popple	Scarborough BC

Economy & Transport Board - Attendance 2012/13

Councillors	27.09.12	29.11.12				
Conservative Group						
Tony Ball	Yes	No				
Andrew Carter	No	No				
Philip Atkins	Yes	Yes				
Martin Tett	Yes	Yes				
Gillian Brown	No	Yes				
Nick Clarke	Yes	Yes				
Ann Steward	Yes	Yes				
Mike Whitby	Yes	Yes				
Labour Group						
Peter Box CBE	Yes	Yes				
Claire Kober	Yes	Yes				
Chris Roberts	No	Yes				
Barrie Grunewald	Yes	No				
Joan Dixon	Yes	Yes				
David Wood	No	Yes				
Lib Dem Group						
Roger Symonds	Yes	Yes				
Heather Kidd	No	No				
Colin Rosenstiel	Yes	Yes				
Independent						
Mike Haines	Yes	Yes				
Substitutes						
Phillip Bicknell	Yes					
Tony Page	Yes					
Peter Popple	Yes					
Heidi Allen		Yes				

Economy & Transport Board – Meeting dates 2012/13

DAY (2013)	DATE	TIME	ROOM / VENUE
Thursday	28 March 2013	11.00am – 1.00pm	Smith Square Rooms 1 & 2
Thursday	30 May 2013	TBC	South Lakeland District Council
Thursday	25 July 2013	11.00am – 1.00pm	Smith Square Rooms 1 & 2

Agenda

Economy and Transport Board

31 January 2013

11.00am – 1.00pm

Smith Square Rooms 1 & 2, Ground Floor, Local Government House

	Item	Page	Time
Part 1			
1.	Chair's Report	3	11.00am
2.	Notes of the previous meeting	7	
3.	Emerging practice in financing local economic growth Cllr Nick Clarke, Leader, Cambridgeshire CC and Paul Hammond, Projects Director (Economic & Social Research), Mott MacDonald to present.	13	11.05am
4.	Autumn statement and devolution of economic powers	23	11.45am
5.	Transport Update	39	12.10am
6.	Councils' role in supporting International Trade and Investment	57	12.30pm
For Information			
7.	Town Hall Summits	61	12.50pm
8.	Growth and Infrastructure Bill – LGA activity update	67	12.55pm

Item 1

Chair's report

Purpose of report

For noting.

Summary

At the last meeting, members noted that the Chair and other lead members undertook much lobbying work on behalf of the Board between Board meetings. It was agreed that the Chair's monthly report to the LGA Councillors' Forum would be added to the Board's agenda to ensure that members were aware of this work and that questions could be raised with the relevant lead members.

Recommendation

Members are asked to note the report.

Action

Officers to take actions as directed.

Contact officer: Ian Hughes
Position: Head of Programmes
Phone no: 020 7664 3101
E-mail: ian.hughes@local.gov.uk

Item 1

Chair's report

Winter Weather

1. The LGA's annual [Winter Readiness Survey](#) shows that councils are as well prepared as they have ever been to cope with snow and ice. We have as much salt stockpiled this year as in any other year, we have new equipment, wider-reaching community schemes and more communication outlets to keep people up-to-speed with the latest information.
2. Unfortunately, our survey also found that nearly one in six councils had road salt stolen last year. As well as pilfering stock from on-street grit bins and loading it into trucks, raiders also stole actual grit bins and their contents. Some councils lost as much as 20 tonnes. Local authorities are urging people to be on the lookout for thieves stealing grit and asking residents not to buy it from door-to-door sellers.

Streetworks

3. In December, I launched a report looking at the cost to councils and businesses of poor roadworks by utilities companies. The report was picked up by the BBC and national media. The report 'Holes in our pockets? – how utility streetworks damage local growth' was launched at the House of Commons last week. In conjunction with the Association of Convenience Stores, we surveyed hundreds of high street businesses across the country to assess the impact of nearby streetworks by utility companies.
4. I stated at the launch with MPs in Parliament that this was not a declaration of war on the utilities but an offer to sit down with them and try and solve a big public problem that is a barrier to economic growth and costs councils over £200k per year. Following the launch I have written to utility company chief executives to invite them to an LGA Summit in 2013 to discuss how we can work together to improve streetworks outcomes.

Institute of Economic Development

5. I spoke at the Institute of Economic Development's (IED) Annual Conference on 27 November. It was useful to share the LGA's Local Growth Campaign with businesses and delegates and as a result, colleagues at the IED are keen to work with us and form a greater partnership between the organisation and local government. We will follow this up in the coming months.

Post Offices

6. On 3 December I chaired a meeting with Jo Swinson MP, Minister for Postal Affairs and Paula Vennells, Managing Director Post Office Limited to discuss the strategic relationship between post offices and local government. There were representatives from Barnsley, Hammersmith and Fulham, Leeds, Maidstone, Northumberland, Oxfordshire, Ryedale and Sheffield councils. A report will be published in the New Year on the ways in which local government and the post office can work together.

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City Deals

7. On 19 December, Cllr Tony Ball, Vice Chair of the Economy and Transport Board, chaired a joint LGA/Centre for Cities event on City Deals. We commissioned the Centre for Cities to develop a discussion paper on what national economic levers could be devolved to all places through a City Deals core package offer as part of future waves of City Deals and the seminar was used to test proposals with councils. The paper along with a letter will be sent to Greg Clark MP Minister for Cities urging that all cities should have access to the core package and detailing what councils believe should form the contents of the core package. Those cities successful in securing a Wave 2 City Deal are due to be announced in February. The contents of the core package is due to be announced in March.

Strategic Roads Network

8. Following discussion at the Economy and Transport Board, officers met with DfT officials to discuss the future role of local authorities in governance arrangements for the maintenance and further development of the strategic roads network. Officials recognise the value of local government's involvement in decisions on investment in the strategic roads network are keen to explore how this can be achieved.
9. A review of the three route based strategy pilots will provide insight into how effective local authority involvement has been. In particular we are keen to understand whether local leaders have been able to exercise influence over the Highways Agency in the development of the strategies. We will be working with the DfT and the relevant local authorities to gather that information. We expect that the DfT will now publish in March its road strategy and the outcomes of its feasibility study into future funding and governance arrangements for the Strategic Roads Network.

Note of Meeting 29 November 2012

Title: Economy & Transport Board
Date and time: 29 November 2012, 11.00am
Venue: Local Government House

Attendance

Position	Councillor	Political Group	Council
Chairman	Peter Box CBE	Labour	Wakefield MDC
Deputy Chair	Roger Symonds	Liberal Democrat	Bath and North East Somerset
Deputy Chair	Mike Haines	Independent	Teignbridge DC
Members	Martin Tett	Conservative	Buckinghamshire CC
	Philip Atkins	Conservative	Staffordshire
	Nick Clarke	Conservative	Cambridgeshire CC
	Ann Steward	Conservative	Norfolk CC
	Mike Whitby	Conservative	Birmingham City
	Gillian Brown	Conservative	Arun DC
	Heidi Allen	Conservative	St Albans City and DC
	Claire Kober	Labour	Haringey LB
	Joan Dixon	Labour	Derbyshire CC
	Tony Page	Labour	Reading Council
	Chris Roberts	Labour	Greenwich LB
	David Wood	Labour	Tyne & Wear ITA [Chair of ITA SIG]
	Colin Rosenstiel	Liberal Democrat	Cambridge City
	Peter Popple	Independent	Scarborough BC
Apologies			
Vice Chair	Tony Ball	Conservative	Basildon DC
	Andrew Carter	Conservative	Leeds City
	Barrie Grunewald	Labour	St Helens MBC
	Heather Kidd	Liberal Democrat	Shropshire Council

In attendance: Ian Hughes; Eamon Lally; Rachael Donaldson; Charles Loft; Thomas Coales; Kamal Panchal; Nick Porter; Virginia Ponton (LGA)

Item	Decisions and actions	Action by
1	<p>Note of previous meeting</p> <p>The Board agreed the notes of the previous meeting.</p>	
2	<p>Oral update on Town Hall debates</p> <p>The Chair introduced new members to the Board and gave an update on the Local Growth Campaign's Town Hall Debates, which were going well. He said that much work is done in between Board meetings which should be reported to the Board. A written update from the Chair will be given at future Board meetings.</p> <p>Action Officers to add oral update from Chair as a standing item to future Board meetings.</p>	Virginia Ponton
3	<p>City Deals and Heseltine Report</p> <p>The Chair introduced Emma Squire, Head of Local Growth Strategy, BIS.</p> <p>Emma Squire outlined the current economic challenges as a shared agenda across local government and government departments. She welcomed the Board's <i>local leadership, local growth</i> document and was impressed by local government's work on growth, especially while the sector faces other challenges. She updated members on the Heseltine Review in advance of the budget report and said that wave 2 of City Deals would focus on one big idea.</p> <p>Members discussed the following points:</p> <ul style="list-style-type: none"> • concern that local issues and relationships are more complex than 'one big idea' and that solutions will require several ideas. • all potential growth areas should be able to bid for a City Deal. There should be a focus on FEAs. • two-tier areas require a different approach. • there is marginalisation of some London boroughs which would benefit from deals. • the Heseltine Review challenges the silo mentality of government. Departments must work in a joined-up way. • the potential for local authorities to commission their own transport development schemes. • the appointment of senior government officials to LEPs rather than providing more funding. <p>Emma Squire said that it was too early for decisions on a wave 3 of City Deals but that the government is open to proposals. There is the possibility of creating wave 1.2, for example, to look deeper into the wave 1 cities. She recognised local capacity constraints but said that the government is providing more core funding for LEPs. On the big idea, she said this could be a theme rather than one idea. She thanked members for raising the issues and would get back to the Board on the comments. Emma Squire left the meeting.</p>	

Decision

Members agreed:

- the key lobbying points in the paper, with the inclusion of pressing for FE funding to be driven by the economy and locally required skill sets.
- To continue to press for deals for counties and other areas.
- to work on more detailed analysis of wave 1 and 2 City Deals to take to government.

Actions

- Emma Squire to respond further to the Board's comments.
- Officers to include a lobbying point to press FE funding to be driven by the economy and locally required skill sets.
- Officers to take on board members' comments to work on more detailed analysis of wave 1 and 2 City Deals to take to government.

**Ian Hughes &
Sarah Bull**

4 Transport update

Eamon Lally introduced the paper and welcomed in particular members' comments on the position statement on the national roads strategy.

The paper gave a view on a range of potential options available to the government, which could be influenced early by local government.

Members discussed:

- the need to emphasise the key message that the strategic road network links to and uses local road network. Transport must be integrated.
- local and national carbon reduction and the strategic road network.
- cycling as a growing mode of transport to consider.
- freight consolidation on roads in order to reduce the number of large lorries on local roads.
- a lack of focus on transport between the East and West of the country.
- the government gives local flexibility in some areas of transport but not necessarily in areas which would be helpful locally.
- solutions to congestion should require local decisions.
- local transport boards were seen as too complex.

On bus partnerships and BSOG, members were concerned about the complexity of the proposed formula grant and the implications of devolving BSOG on local quality contracts. They noted that bus fuel subsidy is key for local areas. There was concern about lack of funding for concessionary travel, especially around potential rural isolation as well as concern over reduced student concessionary travel and the implications of raising the participation age (RPA).

Members asked for detailed figures on elderly and disabled concessionary travel. There is scope for local authorities and bus operators to work together on an offer to benefit residents, including providing a more attractive offer to young people and the potential to consider taxis and school buses rather than unviable bus routes.

On streetworks, members emphasised the importance of the effects on business, the reputation of local authorities, and lack of efficiency of

streetworks as well as discussing the implications of any road charging.

Members questioned the invitations to the streetworks launch event as not all members had received invites.

Actions

- Officers to reflect the points made in discussing the roads strategy with DfT.
- Officers to seek information on concessionary travel figures.
- Officers to check invitations to the streetworks launch event and resend to members.

**Eamon Lally &
Charles Loft**

Items 6 and 7 were taken before item 5.

6 Growth and Infrastructure Bill

Tom Coales, Senior Public Affairs and Campaigns Adviser, LGA introduced the item.

Members discussed:

- alarm at the impact on local decisions.
- the need to continue to push the key message that the planning system is not a barrier to growth, rather it is lack of finance to developers and buyers. Approved planning permissions outweigh housing shortage figures.
- specifying in all LGA responses to government which tier of local government would be affected by proposals.
- pushing for the government to relax rules around local authorities creating local banks.
- aligning local government assets with the private sector and using land in partnership.
- lobbying for FSA rules to be relaxed to make it easier for local authorities to create local banks.

The Chair invited members to provide figures and good news stories for officers to include in the campaign.

Decisions

- Members supported the cross-party consensus which has been achieved at the LGA and supported the strong line the LGA is taking, although suggested a more diplomatic approach than the second reading key messages.
- Members agreed that the LGA campaign is heading in the right direction.
- Members agreed to take finance and local authority banks as an agenda item at the next Board meeting.

Actions

- Officers to collect further information on Cambridgeshire County Council's creation of a local bank.
- Officers to take on Board members' comments and feed into the LGA campaign.

**Ian Hughes
Tom Coales**

7 Appointments to outside bodies

Ian Hughes said that good work had been done by the Board to take the lead to reduce the number of outside bodies.

Decision

The Board noted the appointments to outside bodies.

5 Higher Education

The Chair introduced the item, saying said that Higher Education (HE) is keen to be engaged with local government and the Hidden Talents campaign.

He introduced Chris Hale, Deputy Director of Policy, Universities UK and Prof. John Coyne, Vice Chancellor, University of Derby.

Chris Hale thanked the Board for the invitation and saw an important link between the two sectors. He gave an overview of Universities UK's work to support growth by focussing on creating a skilled workforce, attracting investors and driving innovation. There is also a role for universities to be active locally and support local SMEs, social enterprises and social economic growth. On LEPs he said that good relationships are developing but that more can be done.

Prof. Coyne added that universities are important in providing skill sets, which if shaped locally, can add extra leverage. Universities also provide cultural and international links.

Members discussed:

- opportunities to develop skills for work in the growing energy sector.
- the importance of ensuring the right courses for the local area, which relationships with LEPs can drive.
- an appropriate visa system was required to attract inward investment and international interest.
- the importance of identifying local specialisms and employing good practice in a way which takes into account local differences.
- how to retain students or attract them back to local areas.
- the need for HE to create an integrated brand to promote abroad.
- universities can offer business solutions not only through providing graduates but by providing skills to other staff in local businesses.
- members were pleased to hear about engagement with local areas, LEPs and employers and asked how this can be driven across more areas.
- members asked whether HE has relationships with UKTI.

Prof. Coyne said that fulfilling employment opportunities are key for retaining young people in local areas and that there is a link to the role universities play in their local area by helping to create jobs and communities. Good investment and international engagement are also central to the allure of an area. He hoped to see a shift in universities becoming 'for' an area, rather than 'of' an area. He said that international students are positive for areas providing short-term economic and cultural advantages.

Chris Hale said that Universities UK work with UKTI who are supportive in forging links and giving advice. There is on-going activity to seek out and work with high quality partners internationally.

The Chair highlighted that the Town Hall debates and the *local leadership, local growth* paper have shown great enthusiasm for HE and local government to work together. He welcomed the joint LGA/HE Town Hall debate in March in Manchester.

The Chair thanked the speakers for a particularly interesting item and closed the meeting.

Decisions

- Officers to take account of the discussions to shape the Town Hall Debate on 22 March.

**Rachael
Donaldson**

Item 3

Emerging practice in financing local economic growth

Purpose of report

For discussion and direction.

Summary

The context for funding and financing of local economic growth initiatives, programmes and investments has changed fundamentally in recent years. This paper invites debate and proposes LGA activity to promote and share councils' innovation and leading edge in financing economic activity.

Cllr Nick Clarke, Leader of Cambridgeshire County Council, and Paul Hammond, Projects Director (Economic & Social Research), Mott MacDonald will present.

Recommendation

Members are asked to note the emerging practice and steer future work.

Action

Officers to take actions as directed.

Contact officer: Kamal Panchal
Position: Senior Adviser
Phone no: 020 7664 3174
E-mail: kamal.panchal@local.gov.uk

Item 3

Emerging practice in financing local economic growth

Purpose

1. The Board requested further work on emerging practice on financing regeneration and growth.
2. This is an early update of that work and members are asked to consider:
 - 2.1. The range of issues identified below – including the new range of public funds, emerging practice and policy/practice implications
 - 2.2. Where the focus of LGA work should be; and
 - 2.3. How best the LGA can deliver support to councils.

Background

3. Councils have a long and strong track record at the forefront of finding new ways to resource local economic growth. However, the context for funding and financing of local economic growth initiatives programmes and investments has changed fundamentally in recent years.
4. Emerging practice is showing that councils continue to innovate in the funding and financing of local economic growth activity, often through the packaging of public/private funding streams.
5. One key area where councils are demonstrating innovation is the support to local small and medium enterprises – many of which are finding it difficult to obtain affordable finance to grow and develop.

Funding and financing of local government activity

6. As a growing number of councils are looking to find new opportunities to lever in investment, it is proposed that this is one area in which the LGA can add value by highlighting and sharing emerging practice and the potential implications for councils.
7. The LGA has therefore commissioned Mott MacDonald's Economic and Social Research team to undertake a brief review. The Mott MacDonald team works on all aspects of development and has supported many councils with economic development projects from local enterprise support to major scheme business cases. They have been asked to consider:
 - 7.1. The importance of available financial mechanisms to kick-starting local economic development activity in the current climate of austerity.
 - 7.2. Areas of emerging good and innovative practice on the part of local authorities in securing and combining funds to most effectively deliver growth.

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7.3. Highlighting the potential implications for councils.

8. Members are asked to provide a focus for the work so that it is of maximum value to councils in helping them to decide which approaches are most suitable for them.
9. At the Board meeting, Paul Hammond, Projects Director (Economic & Social Research) from Mott MacDonald, will set out some early thinking on sources of funding and financing, the emerging practice and what that may mean for councils.
10. The possible sources of funding and finance and some examples of emerging practice have been highlighted in **Appendix A**.
11. Early findings from Mott MacDonald, which may help members propose areas of focus, suggest that:
 - 11.1. It is too early to draw firm conclusions in comparing one approach to another in terms of good practice.
 - 11.2. Funding and financing must be distinguished from one another. Councils can fund developments but ultimately need the financial means to pay for them. (see **Appendix A**).
 - 11.3. Emerging policy ideas and practice includes:
 - 11.3.1. Single (investment) fund approaches with revolving fund features
 - 11.3.2. Local asset backed vehicles to lever in long-term investment from the private sector
 - 11.3.3. Public/private partnerships
 - 11.3.4. Use of pension funds.
 - 11.4. For the vast majority of local authority projects and programmes, the 'innovative' funding – such as municipal bonds and pension funds – are often not appropriate or viable. In many cases, if grant funding is not available, the best option may be local authority prudential borrowing. The result is the need to identify new revenue streams to help finance the costs of this borrowing.
 - 11.5. Mechanisms such as Community Infrastructure Levy (CIL), Tax Increment Financing (TIF) and business rate retention all represent opportunities for local authorities, but all sources of funding and finance come with elements of risk - particularly those that rely heavily on future growth to be sustainable. Policy makers and those allocating funds need to recognise the challenges that this creates for those seeking to stimulate economic growth.

Supporting access to finance for small and medium enterprises (SMEs)

12. Access to finance has long been an issue for SMEs. As far back as 2004, the Graham Review of the Small Firms' Loan Guarantee found that 'some start-up businesses,

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businesses with non-standard characteristics and those businesses seeking to expand beyond their current asset base may continue to face difficulties accessing finance.’ In 2009 the Rowlands Review identified a gap in the provision of growth capital for SMEs and estimated that up to 3,000 viable SMEs per year might be prevented from accessing needed growth finance.

13. The Government has provided various initiatives to improve matters such as the new Funding for Lending Scheme (FLS) which will provide nearly £80 billion to banks to allow lower interest rates to support both mortgage lending and SME loans, potentially saving SMEs around £4,000 on an average loan.
14. A growing number of councils are now providing some kind of financial support option to local firms. Delivery methods vary but examples range from Finance Birmingham, delivered through a specially established organisation, to Lancashire County Council’s Local Business Lending Partnership, which will be delivered in partnership with online peer-to-peer lender, Funding Circle.
15. In June 2012, Cambridge & Counties Bank was launched. The new bank is jointly owned by the Cambridgeshire Local Government Pension Fund and Trinity Hall, a college of the University of Cambridge. The move was part of the County Council’s and Trinity Hall’s commitment to get the best return on their investment whilst also supporting SMEs. Analysis of industry data by Cambridge & Counties Bank reveals that in the second half of 2011, over 60,000 loan and overdraft applications from SMEs worth as much as £3 billion, were rejected by banks.
16. Cllr Nick Clarke, Leader of Cambridgeshire County Council and member of the LGA Economy and Transport Board will give a high level presentation.

Recommendations

17. The Board is asked to:

- 17.1. Note the emerging practice as highlighted by Cllr Nick Clarke and Paul Hammond.
- 17.2. To provide focus to this work area and to discuss the best way of delivering support to councils, for example:
 - 17.2.1. The production of a publication on emerging practice
 - 17.2.2. An up-to-date database of emerging funding sources
 - 17.2.3. Information and case studies on emerging practice
 - 17.2.4. Other options for dissemination; such as leadership workshops; background for peer challenges, etc.

This Appendix contains:

- A non-exhaustive list of current public and private funding streams
- A non-exhaustive list of financing options; and
- Examples of emerging practice to show leverage of non-public funds.

Funding streams
PWLB The Public Works Loan Board is a statutory body which lends money from the National Loans Fund to local authorities and other prescribed bodies, in conjunction with collecting loan repayments. At present nearly all borrowers are local authorities requiring loans for capital purpose. ¹
Asset disposal – the sell-off of assets to create a capital receipt
Central Government Grants Regional Growth Fund, Round 4 has just been launched and the emphasis continues to be on the use of RGF monies to create employment with the RGF monies needing to be drawn down by December 2016. Bids have to be in excess of £1million.
Highways Agency Pinch Points The Highways Agency is to deliver 57 vital road improvements to boost the economy, reduce congestion and improve safety. The £170 million investment is part of a £217 million programme to remove bottlenecks and keep traffic moving on England's motorways and major A roads. The economic benefit of these 57 schemes is estimated at around £3 billion. Many of the improvements will be delivered in 2013 and 2014, and they will all be completed by March 2015. This brings the total number of schemes to receive investment from the Government's pinch point fund to 65. A third stage of projects will be announced next year.
European Grants – e.g. European regional development funding
Third Party Debt / Equity – borrowings or shareholdings
Municipal Bonds Municipal bonds are debt issued by government entities that serve a civic purpose. Bonds are issued by local governments in exchange for set number of interest payments which finance infrastructure projects. When bonds mature the entire funding amount is paid back in full to the lending organisation. ²
Infrastructure Funds These are funds which invest directly into essential infrastructure and public-private finance deals to provide critical funding for infrastructure projects. Funds operate either through the purchase of shares in infrastructure/building companies, or through the direct ownership of infrastructure (i.e. schools, hospitals) which is wither rented out or based on a payment for use investment. ³
Institutional Investors / Pension Funds (public & private) These are large organisations which pool large sums of money and invest into assets, property, securities and company shares on behalf of others. Common types of investors include: banks; insurance companies; retirement/pension funds; hedge funds; mutual funds; and investment advisors.
Tactical Government Funding (New Homes Bonus, Growing Places Fund, Local Enterprise Partnership funding)
Growing Places Fund The Growing Places Fund will provide £500m to enable the development of local funds to address infrastructure constraints, promoting economic growth and the delivery of jobs and houses.

¹ UK Debt Management Office (2013) Public Works Loan Board. See http://www.dmo.gov.uk/index.aspx?page=PWLB/About_PWLB

² Investopedia (2013) The basics of municipal bonds. See <http://www.investopedia.com/articles/bonds/05/022805.asp#axzz2lcTEh0Od>

³ This is Money (2011) Invest in infrastructure to boost growth. See <http://www.thisismoney.co.uk/money/investing/article-1724110/Invest-in-infrastructure-to-boost-income.html>

New Homes Bonus

The New Homes Bonus is a grant paid by central government to local councils each year for six years for increasing the number of homes and their use. It's based on the amount of extra Council Tax revenue raised for new build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes. The Government has set aside almost £1 billion over the Comprehensive Spending Review period (2011 to 2015) for the New Homes Bonus.

Community Infrastructure Levy

(individual and pooled)

CIL is a levy/planning charge which local governments choose to charge on new developments in the local area. Funds raised through CIL contribute towards financing future local infrastructure needs. Charges are based on a cost per square metre on net development basis.⁴

Tax Increment Financing

Deputy Prime Minister Nick Clegg announced on 20 September 2010 that the Coalition Government would allow local authorities to use tax increment financing (TIF) in order to finance infrastructure projects. TIF has been used in the United States for approximately forty years and has generally been seen as a success. It is also being developed in Scotland.

European Investment Bank

The EIB is the European Union's bank which incorporates the European Investment Fund. This provides finances for sustainable investment projects which contribute towards furthering EU policy objectives. Funding includes: loans; guarantees; microfinance; equity investment; and blending with other sources.⁵

EBRD

The European Bank for Reconstruction and Development provides project funding and investment for banks, industries and businesses. The funding provided includes: loans and equity finance; guarantees; leasing facilities; and trade finance. Typically, EBRD funds around 35% of total project costs.⁶

Green Investment Bank

This is an investment bank set up by Central Government dedicated to greening the UK economy. The bank provides financial solutions to accelerate private sector investment in the green economy.⁷

Enterprise Zones

The Government has worked with LEPs and local authorities to create 24 EZs in England which s can offer a range of incentives for businesses to start up or expand, such as:

- a 100% business rates discount worth around £275,000 over a 5-year period
- simplified local authority planning, for example, through Local Development Orders that grant automatic planning permission for certain development (such as new industrial buildings or changing how existing buildings are used) within specified areas
- government grants to install superfast broadband
- Enhanced Capital Allowances in some zones

All business rates growth generated within an enterprise zone will - for at least 25 years - be kept and used by the relevant LEP and local authorities to reinvest in local economic growth.

⁴ Planning advisory service (2012) Community Infrastructure Levy. See

<http://www.pas.gov.uk/pas/core/page.do?pagelid=122677>

⁵ European Investment Bank website (2012) See <http://www.eib.org/about/index.htm>

⁶ EBRD website (2012) See <http://www.ebrd.com/pages/about/what.shtml>

⁷ BIS website – see

<http://webarchive.nationalarchives.gov.uk/20121017180846/http://www.bis.gov.uk/policies/business-sectors/green-economy/gib>

Finance options:

- Council Tax
- PFI Credits
- Revenue Funding
- Business Rates Retention
- Tax Increment Financing
- Revenue generating assets
- Revenue Hypothecation
- Savings

Examples of emerging practice

Community Infrastructure Levy

Eastern Solent Coastal Partnership:

Four local authorities have combined forces of coastal departments, to work in partnership:

- Portsmouth City Council
- Havant Borough Council
- Gosport Borough Council
- Fareham Borough Council⁸

In particular, Portsea Island Coastal Strategy (Portsmouth City Council) has been developed in partnership with the Environment Agency, which is being part funded by CIL funds – this funding is being directed towards flood risk management infrastructure to protect Flood Cell 1 and Flood Cell 4 of the Portsea Island Coastal Defence Strategy which is being phased in between 2013-2021.⁹ Initially, the Environment Agency allocated £400,000 to start development phase in 2010/11.¹⁰ A further £300,000 funding has been allocated for 2012-13¹¹ In addition, CIL funding is also allocated to this development, but it is not clear how much. East Solent Coastal Partnership also raises funds through Capital Grants from DEFRA but it is not clear how much/whether this has been used for this particular work.

Municipal Bonds

De Montford University: £110 million low interest public bonds secured over a period of 30 years (£20 million of this is to be kept in reserve). Funds have come from M&G Investments, Legal and General, Scottish Widows, and Kames Capital. This funding is to be invested into fund building work to improve University facilities such as a new building for the Faculty of Art, Design and Humanities; creating a public open space at the centre of the campus; refurbishing the Student's Union; and developing a sports field; the creation of a new leisure centre; transformation of a main road dividing the campus; and a joint venture with Hewlett Packard to make DMU a sector leader for IT infrastructure.

Prudential Borrowing

Wolverhampton and Staffordshire councils jointly funded the development of critical road infrastructure, which involved £36 million of prudential borrowing, which helped give Tata Ltd certainty and confidence in making the investment decision for a £400million investment in a new manufacturing plant for Jaguar Land Rover.

Thanet District Council: Developments to the Dreamland heritage amusement park have been secured following the confirmation of a full funding schedule which includes a £3 million award from the Heritage Lottery Fund to the Dreamland Trust, in addition to a £3.7

⁸ Portsmouth City Council website (2012) 'Coastal Defence Management'

⁹ Portsmouth City Council (2012) CIL and Planning Obligations

¹⁰ Portsmouth City Council: Southsea Seafront Strategy 2010-2026.

¹¹ Environment Agency (2012) Southern Regional Flood and Coastal Risk Management Programme 2012-23

million grant from DCMS Sea Change programme, and £3 million funds from the Council itself, which incorporates £1.8 million of prudential borrowing. This funding will be directed towards: restoring the park's Scenic Railway to full operational status; providing up to 66% of the amusement park; and restoring the external cinema building.

Local Authority Backed Vehicles

North Tyneside Council: Regeneration work on the grade II listed Tynemouth Station is complete following partnership between North Tyneside Council and Millhouse Developments (the Council owned the station and formed a partnership with Millhouse Developments - Station Developments). The regeneration programme was awarded £2 million Government Sea Change funding, of which £1 million was matched by English Heritage to support the conservation and regeneration of the station's canopies. Currently, six businesses are now trading within the station buildings and plans to increase the buildings retail potential are being considered.

Devon County Council: Development of the 1.4 million sq ft Skypark Business Park is underway as a result of the Joint Venture partnership structure with St. Modwen. The total investment into this is approximately £210 million, to support regeneration of office/industrial/manufacturing space, which is a primary location for large-scale future employment and economic activity.

Bournemouth Borough Council: Working in partnership with Morgan Sindall Investments, the Council is delivering its Town Centre Master Vision to deliver the regeneration of 16 redundant car parking sites to deliver new homes, offices, retail space and economic infrastructure. Under a term of 20 years, each party holds a 50% equity stake in the £350-500 million investment.

Croydon Council: In partnership with John Laing, a £450 million re-development venture has been confirmed to support the regeneration of Croydon town centre including 1250 residential units, 20,000 sq ft of retail space, and the development of a new 240,000 sq ft Council HQ.

Aylesbury Vale District Council: The Council is part of a 20 year £3.6 million investment partnership with Guildhouse to invest in and manage a mixed portfolio of properties, including industrial premises, town centre sites, surface car parks, shops, sports grounds and facilities, community buildings and operational properties such as waste recycling yards.

Public Private Partnership

Durham Villages Regeneration Company: This is a housing led partnership to support the delivery of affordable housing strategies, between Durham County Council, Keepmoat Homes, Three River Housing Association and Durham Aged Mineworkers' Homes Association. Funding for development projects is also being sourced through the Homes and Communities Agency. Over the past year DVRC has driven a £100 million regeneration programme and delivered 1,000+ homes through land purchase receipts and profit sharing from privately sold homes, which has generated more than £20 million investment for further developments.

Pension Funds

In September 2012 the Greater Manchester Pension Fund announced that it had entered into a partnership with Manchester City Council and the Homes and Communities Agency (HCA). Development land will be provided by the city council and the HCA, while the Fund will finance the building of 240 new homes. More recently the West Midlands Pension Fund announced that it will be one of the founding investors of the National Association of Pension Fund's £2 billion Pension Investment Platform, a new pooled investment vehicle.

Item 4

Autumn Statement and devolution of economic powers

Purpose of report

For discussion and direction.

Summary

The LGA's Local Growth Campaign has made a strong case that devolving more levers of economic growth to councils would boost local economic development and spur Britain's economic recovery. The campaign's call has clearly been heard as the Autumn Statement signalled greater devolution of both growth-related funding and skills policy to local areas and a greater role for Local Enterprise Partnerships (LEPs) from April 2015. Further detail on devolution of economic powers to local areas will be set out in the Spending Review to occur later this year.

In the meantime, all 20 areas that were invited to bid for the second wave of City Deals have submitted their bids. The Secretary of State for Communities and Local Government, the Minister for Health, and the Head of the Civil Service have also publicly committed themselves to support a move to implement community budgets.

In light of these developments, the Board is invited to consider whether the LGA should press for discussions with Government about follow-up to the Heseltine Review, City Deals and growth-related community budgets to be joined up. Members' views are also invited on our own narrative and influencing strategy to campaign for Local Growth Deals to be offered to all areas.

Recommendation

Members are asked to note the update on recent developments and provide direction on next steps.

Action

Officers to take actions as directed.

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Item 4

Autumn Statement and devolution of economic powers

Background

1. The devolution of economic powers to local areas has been the bedrock of the Local Growth's campaign for local government to be enabled to fulfil its potential to support economic recovery and growth. Whilst the City Deals and Whole Place Community Budget pilots have been promising steps, the Autumn Statement has opened the door more fully to greater devolution for all local areas. This paper provides an update on recent announcements and invites a discussion on the LGA's narrative and next steps.

Autumn Statement

2. The Chancellor of the Exchequer delivered his 2012 Autumn Statement on 5 December. The LGA's on the day briefing about the announcements with implications for local government is set out in **Appendix A**. In addition to announcements about further cuts to local government budgets, the future path of public spending and the timing of the next Spending Review, the Government signalled agreement with Lord Heseltine's report that local leaders and businesses are best placed to set the strategic direction for economic growth in a local area.
3. The Autumn Statement sets out the first stage of the Government's response to the Heseltine Review, with specific commitments to:
 - 3.1. ask LEPs to lead the development of new strategic plans for local growth consistent with national priorities. It is expected that local authorities or other bodies, and not LEPs, will deliver programmes and projects, ensuring that there are proper accountability structures in place.
 - 3.2. devolve a greater proportion of growth-related spending on the basis of strategic plans developed by LEPs by creating a single funding pot for local areas from April 2015. There was no indication of whether the Government is considering a competitive process, although our briefing made clear that we would not support a bidding process.
 - 3.3. increase the proportion of spending that is awarded through the single pot. This is likely to include some of the funding for local transport, housing, schemes to get people back into work, skills and any additional growth funding.
 - 3.4. give LEPs a new strategic role in skills policy, specifically to set skills strategies consistent with national objectives.
 - 3.5. encourage LEPs to have a seat on Further Education (FE) colleges' governing bodies, with chartered status for FE colleges linked to having taken account of their skills priorities.
 - 3.6. allow LEPs to determine how the EU Common Strategic Framework funds, including the European Social Fund, are used locally. This could include a role for

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LEPs to develop joint bids where they have similar industries in their functional economic areas.

- 3.7. streamline management of the EU Common Strategic Framework funds in England, aligning priorities on the basis of the plans led by LEPs.

Whole Place Community Budget Pilots

4. Operational plans and business cases from the four Whole Place Community Budget pilots (West Cheshire, Essex, Greater Manchester, and Tri-borough of Westminster, Kensington and Chelsea, and Hammersmith and Fulham) were submitted to the Department for Communities and Local Government (DCLG) in October. In the context of economic growth, the Essex pilot makes a strong case for a council and employer led approach to vocational skills, proposing a payments-by-results funding model with the potential to create 8,000 additional apprenticeships by 2020.
5. In December, the Secretary of State for Communities and Local Government, the Minister for Health, and the Head of the Civil Service publicly committed themselves to support a move to implement community budgets. Government interest in exploring this approach further has heightened since the results of a year-long pilot of community budgets, modelled to a national level by Ernst & Young, were released earlier this month. The modelling shows that devolving more decisions to local areas would provide better services and save between £9.4 billion and £20.6 billion over five years across local and central government.

City Deals

6. We understand that all 20 areas that were invited to bid for the second round of City deals have now submitted bids. The Government has said that it will confirm which bids have been successful in February. The second wave of deals is expected to comprise a core package and a bespoke element for each area. Details of the core package are due to be released in March 2013 and currently the powers and levers contained within the core package are expected to be available only to successful Wave 2 cities and Wave 1 cities. The LGA's position is that the offer of deals and the core package should be extended to all areas, including London boroughs, counties and non-urban areas. Officers have been meeting with officials at Cabinet Office, the Department for Business, Innovation and Skills (BIS) and DCLG to press for a national roll-out. A more detailed update on those discussions will be offered at the Board.
7. Following our successful joint seminar on 19 December, the Centre for Cities has been working on a report about what an ambitious core package might contain. A copy of the report will be tabled at the meeting.
8. We have supported Lord Graham Tope, who is also a councillor at the London Borough of Sutton, to table an amendment calling for a new clause to be added to the Growth and Infrastructure Bill requiring the Secretary of State to lay before Parliament a report setting out the government proposals, policies and timescales for the extension of devolved

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economic development powers to all local councils. The Bill is currently in the Committee stage in the House of Lords.

LGA Strategy

9. Since the publication of *Local Leadership, Local Growth* in the summer, we have collected a good set of case studies from councils illustrating the good work that is already being done on economic development and are now receiving more information on what more they could do if growth-related powers and funding were devolved to them. The Local Growth campaign is thus well-positioned to use the commitment in the Autumn Statement about devolving economic powers as a platform to escalate the call for Local Growth Deals to be ambitious in scope and rolled out to all areas that want them.
10. Given that there are currently discussions within government on City Deals, Whole Place Community Budget pilots, the single funding pot and business rates pools, it is proposed that the LGA press for these discussions to be joined up under the auspices of developing and rolling out comprehensive Local Growth Deals. Although there is some overlap in work being undertaken on these initiatives, there are often different departments or different teams leading each initiative, working to different timescales and seeking different objectives. There is a risk of getting tied up in separate discussions and not building the momentum that will be needed to secure the devolution of a comprehensive set of economic powers to local areas.
11. Members' views are sought on our narrative in the next phase of the campaign, which would call for the national roll-out of Local Growth Deals that offer:
 - 11.1. A **core package of economic powers**, including devolution of skills policy and capacity to support businesses to access finance.
 - 11.2. A **single pot of growth-related funding** comprising all of the funding streams recommended for devolution in the Heseltine report (**Appendix B**). The onus should be on departments to prove why they should not devolve their funding.
 - 11.3. **Capacity to reinvest** the proceeds of growth in a local area through an "Earnback" principle, including but not limited to business rates.
 - 11.4. Access to the Deal for all areas on a **non-competitive** basis.
 - 11.5. **Accelerated roll-out** before 2015 of Deals to all areas that are ready for one.
12. The Autumn Statement confirmed that further details about the funding that will go into the single pot will be set out in the Spending Review. At present, we know that the Spending Review will set departmental resource budgets for 2015-16 only, on the same trajectory as over the 2010 Spending Review period. Details about the process and timeline for the Spending Review are not yet known, but departmental officials appear to be operating on the basis that it will report in the summer. On 25 January, the LGA's

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Finance Panel will be discussing the shape of the LGA's submission, which proposes to include the work of the Local Growth Campaign as one of its main pillars. An oral update on the outcomes of the Panel discussion will be provided.

13. With the Wave 2 City Deals being reviewed by departmental officials, Budget 2013 scheduled to be delivered on March 20th and a Spending Review expected to report in the next few months, discussions are likely to accelerate even faster. It is proposed that we develop an influencing strategy built around the two key milestones of the Budget and the Spending Review. Our strategy could involve:
 - 13.1. Members lobbying Ministers as soon as possible to press for discussions on City Deals, single pot and skills-related community budgets to be joined up.
 - 13.2. Publishing the LGA vision for Local Growth Deals ahead of the Budget to influence the shape of the core package (following analysis of the evidence currently being sent to us by members).
 - 13.3. Working through the LGA's Spending Review process to press for a comprehensive set of funding streams to be put into the single pot.
 - 13.4. Engaging with key stakeholders such as business interests and the skills and learning community to enlist their support for Local Growth Deals.
14. The Board is invited to comment on this update and proposals for a narrative and influencing strategy. This report is referred to the LGA Executive for a wider discussion with other Board Chairs.

Autumn Statement

On the day briefing

5 December 2012



The Autumn Statement delivered today provides a formal update on the current state of the economy, responds to the most recent analysis from the Office of Budgetary Responsibility, and sets out the government's planned measures to boost growth.

The full set of documents is available [on the Treasury website](#).

Key messages

- Local government has borne the brunt of cuts to public spending so far and, while it is pleasing our campaigning has resulted in councils being protected from additional cuts next year, the extra two per cent cut in 2014/15 is unsustainable.
- Local authorities already face a possible £1 billion cut to funding for 2013/14 on top of the 28 per cent reduction set out in the spending review and the further 2 per cent now announced for 2014-15.
- It is generally recognised that councils have managed the cuts so far by maximising efficiencies and redesigning services. With further cuts on the horizon, this will be impossible to repeat and impacts on the local frontline services that residents rely on and value are very likely.
- Further cuts to local government funding would also be a fatal error for the national economy by limiting councils' ability to invest in growth-generating services and projects, which in turn risks prolonging unnecessarily the economic downturn.
- We were pleased that the Chancellor signalled a greater devolution of both growth related funding and skills policy to local areas, which is something the LGA has long campaigned for.
- However, it remains the case that it has been extremely difficult for councils to plan for next financial year given the lateness of the Autumn Statement, which has pushed back the announcement of local government's financial settlement.

Autumn Statement Announcements

Key announcements affecting local authorities

Path of public spending

- The Autumn Statement 2012 sets out a further £6.6 billion package of savings to be made in 2013-14 and 2014-15, £5 billion of which will come from reductions to departmental current spending. This £5 billion in current spending will be switched to capital spending to be invested in infrastructure.
- The Government confirmed that total spending in 2015-16 and 2016-17 will continue to fall at the same rate as the Spending Review 2010 (SR10) period. The overall spending envelope for TME in 2015-16 will be set at £744.7 billion

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Briefing

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- Detailed spending plans, including the breakdown between departments, will be set out in the first half of next year, although it was confirmed today that the protection of the health, schools and overseas aid budgets will continue.
- The Government also indicated that non-protected departmental resource budgets will continue on the same trajectory in 2015-16 as in SR10.

LGA view: Councils were cut earlier and harder than the rest of the public sector as the Government began to implement its deficit reduction policy. If the same pattern of cuts to public spending is replicated in the next Spending Review, councils will not be able to deliver the majority of the existing service offer by the end of this decade.

Local government funding

- Local government will be exempt from the additional reductions to departmental budgets in 2013-14 on the basis that local authority budgets have already been reduced by a comparable amount through the decision to allow local authorities to hold council tax down in that year and because it provides an opportunity for local authorities to invest in reform in order to deliver further savings by consolidating back-offices and transforming service delivery as demonstrated by the Whole-place Community Budget pilot.
- The Chancellor indicated that local government would be subject to the 2% reduction to departmental budgets planned for 2014-15.
- The reduction in the Department for Communities and Local Government budget is expected to amount to £447 million.

LGA view: It is pleasing the sector's campaigning has resulted in councils being protected from additional cuts next year. Local authorities already face a possible £1 billion cut to funding for 2013/14 on top of the 28 per cent reduction set out in the spending review and the further 2 per cent now announced for 2014-15. Cutting council funding in 2014-15 to help pay for nationally-administered economic stimulus programmes would be bad for local frontline services and makes no sense economically. Local government is one of the few parts of the public sector which actively promotes economic growth. It does that in every part of the country in a way which cannot be matched by Whitehall.

Some central government departments are receiving real terms increases in their budgets, whilst funding for vital services in local government, such as adult social care, has been disproportionately cut. Whitehall now needs to turn the saving spotlight on itself, rather than offloading any further funding cuts onto councils, which could impact upon frontline services.

The four whole place Community Budget pilots have demonstrated that public services can be delivered more effectively by integrating them especially where the issues are complex and different parts of the public sector are involved – such as improving the lives of troubled families, reducing re-offending and domestic abuse, and integrating health and social care. The Autumn Statement suggests community budgets are a local government issue, but in reality all parts of the local public sector

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need to work together to make this happen. Government departments need to change the way they both fund services and set the rules around them to allow these new ways of delivering services to flourish.

In the medium term this could provide part of the answer to how both government departments and local partners manage reducing budgets.

Future devolution of growth-related funding

- The Chancellor signalled that a greater proportion of growth-related spending would be devolved to local areas from April 2015, in response to Lord Heseltine's review of economic growth. The Government will devolve this spending on the basis of the strategic plans developed by LEPs by creating a single funding pot for local areas.
- The Government will also take the opportunity to streamline its management of the EU Common Strategic Framework funds in England.

LGA view: We have backed Lord Heseltine's view in support of the devolution of budgets for transport, skills and employment. This view has been endorsed by the Chancellor and we welcome this direction to travel to support local economic growth. However, we would not support competitive bids for such funds, where Whitehall civil servants with no experience of business and localities decide how money is allocated. We await further details in the Spring.

We welcome proposals to align, simplify and devolve decision-making over the spending of EU funds on growth and skills. The current seven-year programmes represent around £8 billion, which local authorities and partners use to generate growth and give people the skills to benefit from it. To unlock full value from these funds it is important all local partners in LEP areas have genuine levers over funds and bring co-finance needed to spend it, that they have the opportunity to manage funds where partners want to, and that large proportions of funds are not top-sliced into departmental budgets and programmes.

Funding for infrastructure

- The Government will provide £270 million for priority national and local projects to remove bottlenecks and support development and invest an additional £333 million in the essential maintenance of our national and local road network to renew, repair and extend the life of our roads.
- The Government will invest an additional £980 million in schools in England by the end of this Parliament. This includes enough funding for 100 new academies and free schools, as well as investment to expand good schools, in the areas experiencing the greatest pressure on places.
- The Government will also provide a further £310 million towards the Regional Growth Fund in England.
- The Government will make available a new concessionary public works loan rate to an infrastructure project nominated by each LEP (excluding London), with the total borrowing capped at £1.5 billion.

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LGA view: Transport is essential to growth and we welcome the announcement on new funding for transport infrastructure and maintenance. It is important that whatever proportion of this money gets to councils does so quickly and is not held up in overly bureaucratic competitions.

The additional £330 million for road maintenance reverses the budget reductions set out in the 2010 spending review and goes some way to restoring the levels of funding for road maintenance to CSR 2007 levels.

However, almost three quarters of the money spent by local government on transport comes from general grants and local taxation. Local authorities will struggle to invest in areas of spend that impact on growth, like transport, if the spending reductions in the next spending period are as severe as the current period.

We understand that Local Authorities will be able to bid for some of the £980m available for schools. The process needs to be clarified promptly. Local authorities are in the best position to identify areas facing the greatest pressure for school places and act quickly to repair schools, expand existing ones and commission the building of new schools where necessary. It's now vital that this new additional funding flows quickly to address the shortfall in budgets and ensure local authorities can work with head teachers and parents to get on with the job of providing more school places where they are urgently needed.

We understand that the new concessionary public works loan rate will be 40 basis points below the PWLB standard rate and will be introduced from November 2013. Lower borrowing costs are welcome, but not the wait of almost 12 months before they become available.

Housing

- The Government will use around £225 million to accelerate delivery of large housing sites, supporting around 50,000 homes. £190 million will be used to de-risk public sector land and enable the quicker disposal of surplus sites for new homes, and alongside this, the Government will provide £100 million to bring forward public sector sites for development.

LGA view: It is helpful that the government has identified funding to accelerate the delivery of large housing sites, unlock stalled sites and accelerate the release of its land holdings. It is however crucial that the government and its agencies work closely with councils to manage the disposal of land and to ensure that the public sector estate as a whole can be used to best effect.

One of the critical barriers to new supply is access to finance to build and to buy and to this end it is helpful that the government has identified funding to unlock large housing sites. De-risking both new and stalled sites is dependent on the demand facilitated by access to mortgage finance to would be buyers. A number of councils are offering support for residents to

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access mortgages and we would like to see a stronger focus on stimulating this demand.

Flood defence

- The Autumn Statement announced an additional £120 million to build new flood defences. Half of this funding will be awarded to the strongest bids from growth-enabling schemes such as those being developed in Sheffield, Ipswich, Leeds, Exeter and Derby. The remainder will be used to accelerate planned schemes within the wider Environment Agency programme.

LGA view: The money announced today will help local authorities in their long-term work to reduce the risk of major damage and disruption caused by extreme rainfall in the future.

There is also a pressing need for more immediate support for those areas which have been worst hit by flooding in the past week. For many councils this will be the second or third round of floods they have dealt with this year, and the extremity of this situation will be taking its toll on already stretched budgets.

Broadband

- The Chancellor announced an additional £50 million to support a second wave of cities in the Government's Urban Broadband on top of the commitments in Budget 2012. The winning cities in the second wave are: Brighton and Hove, Cambridge, Coventry, Derby, Oxford, Portsmouth, Salford, and York in England; Aberdeen and Perth in Scotland; Newport in Wales; and Derry/Londonderry in Northern Ireland.

LGA view: This announcement is a positive step towards better connecting communities in our towns and cities. However, Government needs to focus on quickly securing the release of the associated state aid funding so councils don't have long delays before they can begin roll-out schemes as they did with the rural programme.

Skills policy

- The Government will give LEPs a new strategic role in skills policy in line with the recommendations of the Heseltine Review. LEPs will be given a role setting skills strategies consistent with national objectives and chartered status for further education colleges will be linked to having taken account of the skills priorities of local LEPs.
- LEPs will also be able to determine how the European Union Common Strategic Framework funds, including the European Social Fund, are used locally, and will be able to bring bidders together to access Employer Ownership Pilot funding

LGA view: We welcome a stronger role for more local strategic direction in skills policy. We have called for skills to be devolved for several years to improve the match between the vocational skills system and the needs of local economies.

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We look forward to discussing with government the detail of its response to Lord Heseltine's proposals on a single local pot for growth related spending, including skills.

We need to ensure the new arrangements that will apply from April enable councils, local businesses and their partners to take ambitious steps at pace to help drive local growth.

Small business rate relief

- The Government will extend the temporary doubling of the Small Business Rate Relief scheme for a further 12 months from 1 April 2013.
- In addition the Government will exempt all newly built commercial property completed between 1 October 2013 and 30 September 2016 from empty property rates for the first 18 months.

LGA view: The announcement on empty property rates is forecast to reduce business rates income by £150m. Previous statements from the Government have indicated that mandatory reliefs of this sort should be dealt with through the New Burdens procedure and will be taken away from the notional gross yield sum. The LGA is clarifying with the Department for Communities and Local Government how these reliefs will affect the Expected Business Rates Aggregate and how this will in turn impact upon the size of the local share.

We understand that it is the Treasury's intention that local authorities will be fully compensated for the new empty property relief on new-build, and on the extended Small Business Rate Relief scheme.

Transfer of Undertakings (Protections on Employment)

- To make the labour market more flexible, the Government is consulting on reducing unnecessary burdens from the Transfer of Undertakings (Protections on Employment) (TUPE) regulations

LGA view: It is in the interests of all parties in major outsourcing and transfer programmes that the rules around protected rights should be clear, simple and readily understood. The LGA welcomes a careful review of TUPE but is mindful that a fair approach to terms and conditions is very important in public sector restructuring

Combined authorities

- The Government states it will support local authorities who wish to create a combined authority or implement other forms of collaboration, including ensuring that the existing legislation is fit for purpose.

LGA view: We welcome this proposal and await further detail.

Annex D:

Single funding pot

	Current funding stream ¹³⁰	Department	4 year period (£ million)
Skills	Adult Skills Budget (includes 19+ apprenticeships)	BIS	10,708
	Offender Learning and Skills Service	BIS	528
	Community Learning	BIS	848
	Learner Support	BIS	658
	Information Advice and Guidance	BIS	338
	Skills Infrastructure	BIS	251
	Capital Grants	BIS	1,078
	Apprenticeships (to 18 year olds)	DfE	3,036
	Skills total		17,435
Local infrastructure	Local Authority Capital		8,000
	Broadband delivery UK – roll out in rural areas	DCMS	530
	Broadband super connected cities	DCMS	150
	Broadband mobile infrastructure	DCMS	150
	Rail Industry R&D Funding	DfT	36
	Accelerating Innovation in Rail	DfT	10
	Local transport projects	DfT	1,700
	Growing Places Fund	CLG	730
	Tax Increment Finance Schemes	HMT	150
	Green Deal	DECC	200
	DECC Innovation Programme	DECC	200
	Waste PFI credits	DEFRA	338
	Flood defences	DEFRA	2,628
	Local infrastructure total		14,821

¹³⁰ All numbers presented to nearest £ million. Totals do not equal the sum of the rows due to rounding.

	Current funding stream	Department	4 year period (£ million)
Employment support	Work Programme	DWP	2,542
	Remploy Work Choice	DWP	884
	Specialist and Flexible Programmes	DWP	1,040
	Youth Contract	DWP	1,000
	Employment support total		5,466
Housing	New Affordable Housing	HCA	4,500
	Decent Homes	HCA	2,100
	FirstBuy	HCA	200
	Housing total		6,800
Business support services	Regional Growth Fund	CLG	2,400
	National Call Centre	BIS	13
	Growth Accelerator	BIS	140
	Leadership and Management Advice	BIS	54
	Business in You campaign	BIS	1
	Designing Demand	BIS	5
	Rural Growth Networks	DEFRA	15
	Manufacturing Advisory Service	BIS	15
	Creative England	DCMS	1
	Waste and Resources Action Programme	DEFRA	130
	Passport to Export	UKTI	8
	Gateway to Global Growth	UKTI	2
	International Trade Advice	UKTI	78
	High Value Opportunities Programme	UKTI	12
	Export Marketing Research Scheme	UKTI	4
	Tradeshow Access Programme	UKTI	27
	Missions (Inbound and Outbound)	UKTI	5
	Export Communications Review	UKTI	1
	Sector Events	UKTI	30
	Business support total		2,939

	Current funding stream	Department	4 year period (£ million)
Innovation and Commercialisation	Technology Strategy Board thematic funding	BIS	758
	Catapults	BIS	270
	Small Business Research Initiative	BIS	34
	Knowledge Transfer Networks	BIS	62
	Knowledge Transfer Partnerships	BIS	94
	Smart	BIS	170
	Eurostars	BIS	27
	Launchpads	BIS	24
	Health Innovation Challenge Fund	DH	80
	i4i product development awards	DH	52
	Marine Energy Array Demonstrator	DECC	20
	BSI Targeted Funding	BIS	20
	Innovation and Commercialisation Total		1,611
	Total		49,073

Item 5

Transport Update

Purpose of report

For discussion and direction.

Summary

This paper updates members in recent transport work in particular taking forward the outcomes of the launch of the LGA's streetworks report.

Recommendation

Members are asked to note the report and discuss options for the streetworks summit.

Action

Officers to take actions as directed.

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Item 5

Transport Update

Streetworks

1. Last year the Board asked officers to initiate campaigning work around streetworks. As a result, in December, the Chair of the Economy and Transport Board launched a report at the House of Commons looking at the cost to councils and businesses of poor roadworks by utilities companies.
2. The report attached at **Appendix A**, *Holes in our pockets? – how utility streetworks damage local growth*, was picked up by the BBC and national media. The Chair was interviewed on the Today programme.
3. In conjunction with the Association of Convenience Stores, the LGA surveyed hundreds of high street businesses across the country to assess the impact of nearby streetworks by utility companies. Key findings include:
 - 3.1. 57 per cent of shops have had streetworks nearby over the past three years.
 - 3.2. 72 per cent of these were negatively affected by streetworks, with issues including forced closure, delivery delays, reduced footfall and reduced sales.
 - 3.3. 43 per cent were affected for at least a month, with nine per cent for at least six months.
 - 3.4. 31 per cent say streetworks reduced their footfall by at least a quarter with, at worst, some losing about 2,500 customers a week.
 - 3.5. Half say they lost at least 10 per cent of sales with, at worst, some losing about £7,500 a week.
 - 3.6. 96 per cent would like to see councils given enough power to ensure roads are returned to the proper standard after streetworks.
 - 3.7. 79 per cent believe utility companies should help finance the resurfacing.
4. The Chair made it clear at the launch that this was not a declaration of war on the utilities but an offer to sit down with them and try and solve a big public problem which is a barrier to economic growth and costs councils over £200,000 per year.
5. The campaign has received a lot of positive feedback including from businesses and the utility companies have generally accepted that there are issues to be addressed. At the launch, NJUG (National Joint Utilities Group, the utilities' representative association on streetworks) said they needed to work with us.
6. Subsequently the LGA has written to the main utilities (some 20 companies) inviting them to a summit to discuss how we can improve streetworks outcomes. We have also invited

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the minister, Norman Baker MP who has said he will attend if he is available. So far about half of the utilities we have written to have accepted our invitation.

7. The summit is planned for 14 March and we are working on the detail of our proposals
8. Given that we now have a commitment from the utilities companies to sit down with local government to resolve both the inconvenience to business and the cost to councils, members may wish to discuss the proposals we should make in light of our successful campaign. Members are asked to consider the items upon which we should focus.

Winter Weather

9. This month we have issued three press releases on winter resilience - [councils prepared for the cold snap](#); [councils urge residents to look out for vulnerable](#); [extra council staff drafted in to help with clearing snow](#) – and responded to dozens of press inquiries.
10. Cllr Peter Box and the LGA have been quoted in the Telegraph, Mail, Sun, Mirror, Times, Guardian, Express, Independent and BBC Online, as well as hundreds of local newspapers. Cllr Box has been interviewed for the BBC News Channel and Ten O'clock News. Cllr David Simmonds also did a snow interview on BBC Breakfast and ITV News.

Rail 2020

11. The Transport Select Committee published its report Rail 2020. The main points of the report are in line with the position we set out in our written evidence. Most importantly it supports devolution. It also refers to the need for democratic accountability, a clear picture of costs and the purposes of subsidy, a more flexible fares system and for rail to be integrated into transport policy as a whole.
12. The report makes reference to our evidence regarding the role of rail in promoting growth and reducing social isolation.
13. We raised the lack of public sector involvement in the Rail Delivery Group (RDG), tasked with delivering cost reductions. The report references our evidence in support of its recommendation that 'the DfT and ORR [Office of Rail Regulation] keep a close eye on the work of the RDG to ensure that it acts in the best interests of the farepayer and taxpayer, rather than of established rail interests'.
14. Although it does not mention our evidence, the report reflects the concerns we raised at the possible effects of station staff reductions on security and consequently on station usage.
15. LGA's submission to the select committee inquiry on rail franchising seeks to build on these points.

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Rail Devolution

16. Richard Brown's review of the rail franchising system in the wake of problems with the award of the west coast franchise was published in early January. It recommended:
- 16.1. that the franchising programme should be restarted as soon as possible, but at a pace that both the Department and the industry can sustain.
 - 16.2. that the franchise term should be determined by the circumstances and size of each individual franchise.
 - 16.3. proposals to strengthen and simplify the bidding and evaluation process for each franchise.
 - 16.4. proposals for the financial and contractual structure of future franchises, including in relation to risk allocation and capital requirements.
 - 16.5. that the Government should plan to devolve responsibility for further English franchises to the relevant authorities.
17. The Transport Select Committee is to hold a short inquiry into the report and has issued a call for evidence. LGA has submitted a brief memoranda, the key points of which are:
- 17.1. LGA supports Brown's recommendations (and those of the select committee in its report Rail 2020) in calling for local involvement in franchising and in calling for passenger benefits and wider policies to be a factor in awarding franchises.
 - 17.2. We reiterate comments we made in evidence to the select committee last year about the need to consider transport as a whole and in the context of other policies, which councils are best-placed to do.
 - 17.3. We also reiterate our previous concern that councils may find themselves caught between DfT's call for savings and the industry's failure to deliver those savings. This concern has been strengthened by recent events and the committee's Rail 2020 report.

Traffic Management Act Part 6

18. A submission from LGA went to the Minster in early December, accompanied by submissions from Sheffield and Nottingham city councils detailing how these powers could assist traffic management and bus services in those cities. We await a response. The matter will be raised again by members at the Bus Partnership Forum on 30 January.

Transport Select Committee inquiry into local authority parking enforcement

19. The Transport Select Committee is holding an inquiry into local authority parking enforcement.

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20. The topic was put forward in response to the committee's call for members of the public to suggest subjects for future inquiries. One suggestion was on local authority parking enforcement which the Committee has agreed to take up.
21. The Committee has stated that it would like to hear views on the adequacy of current arrangements for parking enforcement and the likely consequences of Government policy in this area. In particular:
- 21.1. How should councils use their revenue from penalty charges, metered parking, car parks and residents' parking? Should there be more local discretion over how income is used?
 - 21.2. What impact will new technology, such as cashless parking, parking sensors and CCTV, have on local authority parking enforcement?
 - 21.3. How effective are the Traffic Penalty Tribunal for England and Wales and the Parking and Traffic Appeals Service for London? (The Committee will not be considering individual cases and appeals).
 - 21.4. Should parking policy in London be subject to separate provisions and guidance, given, in particular, its large parking revenue surpluses, its more integrated public transport network and the number of foreign-registered vehicles in the city?
 - 21.5. How can local authorities strike a balance between using parking policy to manage congestion and using it to encourage people into town centres?
 - 21.6. How can smaller local authorities use parking provision to manage congestion? Do they need to work regionally and strategically with neighbouring councils?
 - 21.7. What role does the Workplace Parking Levy have? Would people be more inclined to use park and ride services if there were a charge to park at work?
 - 21.8. Are there steps local authorities can take, while managing congestion, to make it easier for businesses to trade and make deliveries?
 - 21.9. Are parking signs clear and comprehensible? To what extent are unclear signs and instructions the cause of breaches of parking control?
22. The Committee has stated that it would welcome images of incomprehensible or poorly worded parking signs from the public. Images can be sent to the Committee's Twitter account, @CommonsTrans, or emailed to transev@parliament.uk
23. The committee has asked for written submissions by Monday 25 March 2013. Officers will prepare an LGA submission for lead members' approval.

Holes in our pockets?

How utility streetworks are damaging local growth





Part 1

The problem

Utility companies are responsible for around two million road openings every year across England and Wales and these have an unavoidable impact on our transport network causing delays, potholes and shortening the life of the carriageway.

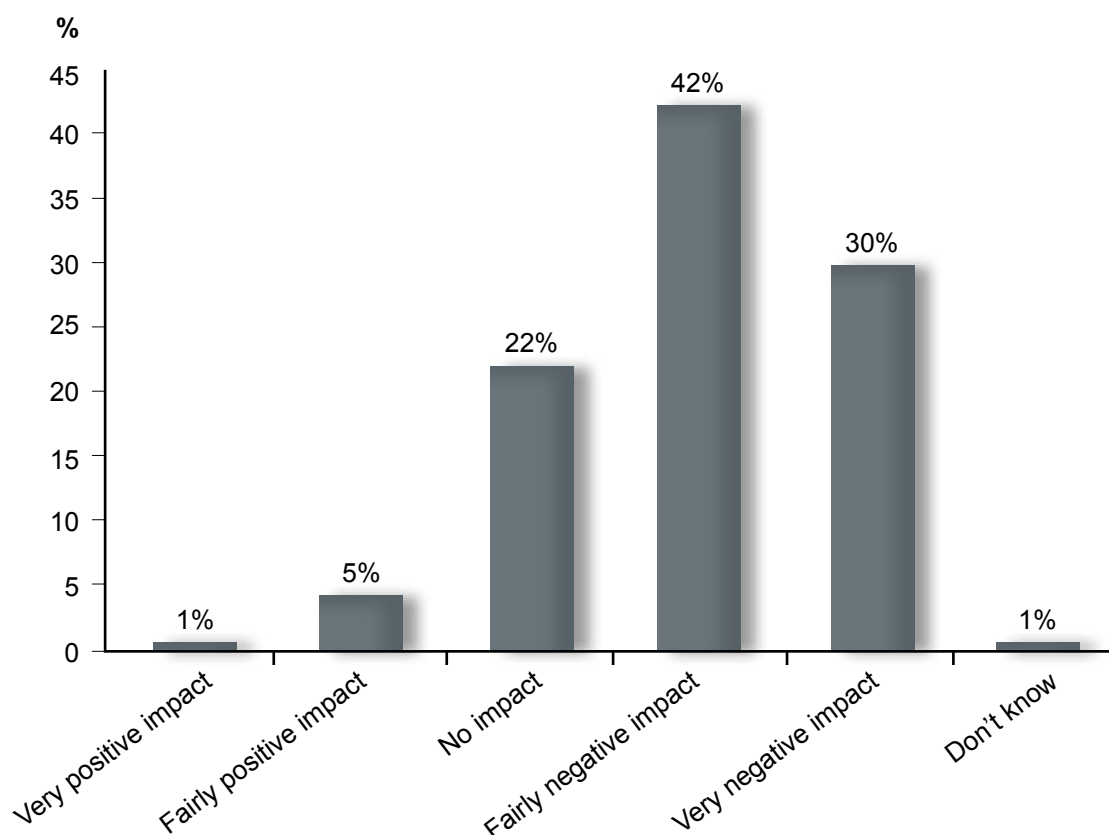
We all know that streetworks are necessary and that they can be carried out efficiently and effectively. However there are a significant number of cases in which companies have come back to undertake

similar work in close succession and in which the carriageway has been left in a poor condition.

The findings in this report show that over half of small businesses have had streetworks take place outside or in the vicinity of their premises in the last three years

Three quarters of these businesses say the works had a negative impact – in most cases through reduced sales. In a quarter of cases this problem has lasted for more than two months.

Figure 1: What impact, if any, have streetworks had on your business?



Base: all convenience stores experiencing streetworks in the last three years (285)



This represents an unacceptable burden on the small businesses the UK needs to boost growth and move out of recession.

Often, the contracts utility companies agree with contractors can prioritise cost over quality driving the wrong sort of behaviour. The evidence from councils is that in many cases streetworks are not reinstated to acceptable standards. The latest ALARM survey by the Asphalt Industry Alliance indicates that 17 per cent of road openings for utility works are not reinstated in accordance with specifications. However, some studies suggest this figure may be as high as fifty per cent.¹ Inadequate reinstatements do not simply damage the road, correcting them causes a new period of traffic disruption and consequent cost.

Even when streetworks are conducted effectively and restoration is of good quality they inevitably shorten the lifespan of the carriageway making potholes more likely. This danger is increased where work is shoddy.

The cost of these consequences adds up.

Authorities estimate that nearly 18 per cent of their maintenance budgets (an annual total of £218 million) is spent on premature maintenance due to utility streetworks, which most believe can reduce road life by a third.²

¹ Asphalt Industry Alliance Annual Local Authority Road Maintenance (ALARM) survey 2012. P.13 provides 17 per cent, however the Joint Authorities Group (JAG UK – which represents the organisations responsible for the roads and streets of the United Kingdom) cites recent evidence emerging from core testing programmes, (the latest from Oldham, Leeds and Tameside) that supports a figure of fifty per cent. One of the improvements the LGA seeks is utility funding for a higher level of inspections.

² ALARM survey 2012, p.13

Decades of underfunding, recent severe winters and widespread flooding earlier this year, compounded by the recent severe reductions in funding from general and road maintenance budgets, means many councils are already struggling to move beyond simply patching up a deteriorating network.

It would now cost about £10 billion to bring our roads up to scratch.³



3 ALARM survey, p.10

Part 2

What can we do?

Growth is now the key priority for local authorities and it is important that we do everything to create the conditions in which businesses can prosper. The quality of the country's infrastructure, including our roads network is a key factor in unlocking prosperity.

It is in the interests of business and the communities they serve that we upgrade and maintain our infrastructure in a cost effective and efficient way. This means that "getting it right first time" must be a core principle.

As the survey findings demonstrate, the time has come for utility companies to work with us to deliver non-legislative changes that will reduce both the incidence of streetworks, the damage they cause to our roads and the damage to the prosperity of local businesses.

To that end **we will be inviting the chief executives of the leading utility companies to a summit aimed at establishing how we can work together better, including how we can identify contractors who persistently fail to reinstate effectively, and hold them to account and how we can ensure a more effective inspection regime.**

We also need business to work with us and to be our eyes and ears in reporting poorly managed sites or poor resurfacing to their local council as soon as it is evident. This is already up and running in London and we would welcome further input from the Association of Convenience Stores and the British Chambers of Commerce on how we can expand this approach.

The regulatory framework also has a role to play in supporting improvement and councils already use a variety of methods to manage streetworks:

Permit schemes allow authorities to issue permits to those wishing to carry out works on the highway so they can for example promote working outside peak hours, or better co-ordination of works between utilities. More and more councils are introducing such schemes and evidence suggests they are delivering promising improvements to the effective use of the road network.⁴

In its first year the London permit scheme resulted in a 147 per cent reduction in the number of recorded days of disruption and approximately £2.7 million in congestion saved in 2010.⁵

The Department for Transport (DfT) has signalled its intention to remove the requirement for these schemes to be approved by the Secretary of State in the hope that this will encourage even more councils to develop schemes and make use of them to help reduce disruption and frustration for the travelling public.⁶

A pilot **Lane Rental** scheme commenced in London in June, covering around 330km (57 per cent) of Transport for London's (TfL) red routes. This is intended to incentivise utility firms to carry out their works faster and at the least disruptive times.



Most councils charge **overstay fees** to those companies whose works have exceeded the agreed completion date. These fees are charged on the category of the road. These appear to be used by most councils and act as an incentive for keeping to agreed timeframes.

However councils have insufficient powers to control the quality of reinstatements. In theory councils have powers to inspect streetworks but they lack the resources to do so and nearly three quarters of utility works go uninspected.⁷

The Traffic Management Act 2004 contains powers that would allow councils to require those digging up the street to reinstate the whole road and which would impose a long-term damage charge on utilities in recognition of the cost imposed on council tax payers by even properly-reinstated utility works. Most councils would like to see the long-term damage charge implemented.⁸

4 For example, the positive results have been acknowledged by transport minister Norman Baker MP - 3 Sep 2012 : Column 187W <http://tinyurl.com/cvr6brb>

5 London Permit Scheme for Road Works and Streetworks – First Year Evaluation Report, <http://tinyurl.com/ca2m8v8>

6 N Baker quoted in DfT press release 'Cutting red tape to reduce road works disruption' 31 January 2012;

7 As reported by JAG(UK).

8 ALARM survey 2012, p.13



The Local Government Association (LGA) has previously called for utility companies to pay a **bond** or deposit in advance of roadworks to make it easier for councils to recoup the cost of damage caused by inferior road repairs and encourage utilities to get it right first time. Both of these methods would require new legislation.

The utility regulators should also have a role to play. We would like to see them do more to monitor performance on streetworks and funding should link to that performance.

This is no longer an issue that can be ignored. Together local authorities and utility companies have the ability to improve outcomes for the benefit of local business and communities. It will take partnership and that needs to start now.

Annex

Streetworks research: key findings

The LGA commissioned HIM Research and Consulting to undertake an opinion poll of 500 convenience stores in England by phone in November 2012.⁹ Convenience stores represent a core group of sole traders and small businesses in England that support the growth of local economies. The following are the key findings from the survey.

Where there are discrepancies between aggregated percentages reported in text and individual percentages reported in charts this is due to rounding.

⁹ Full findings can be found on the LGA website:
<http://www.local.gov.uk/economy-and-transport-research>

Impact of streetworks on convenience stores

Convenience store owners were asked a series of questions about the impact of streetworks upon their business.

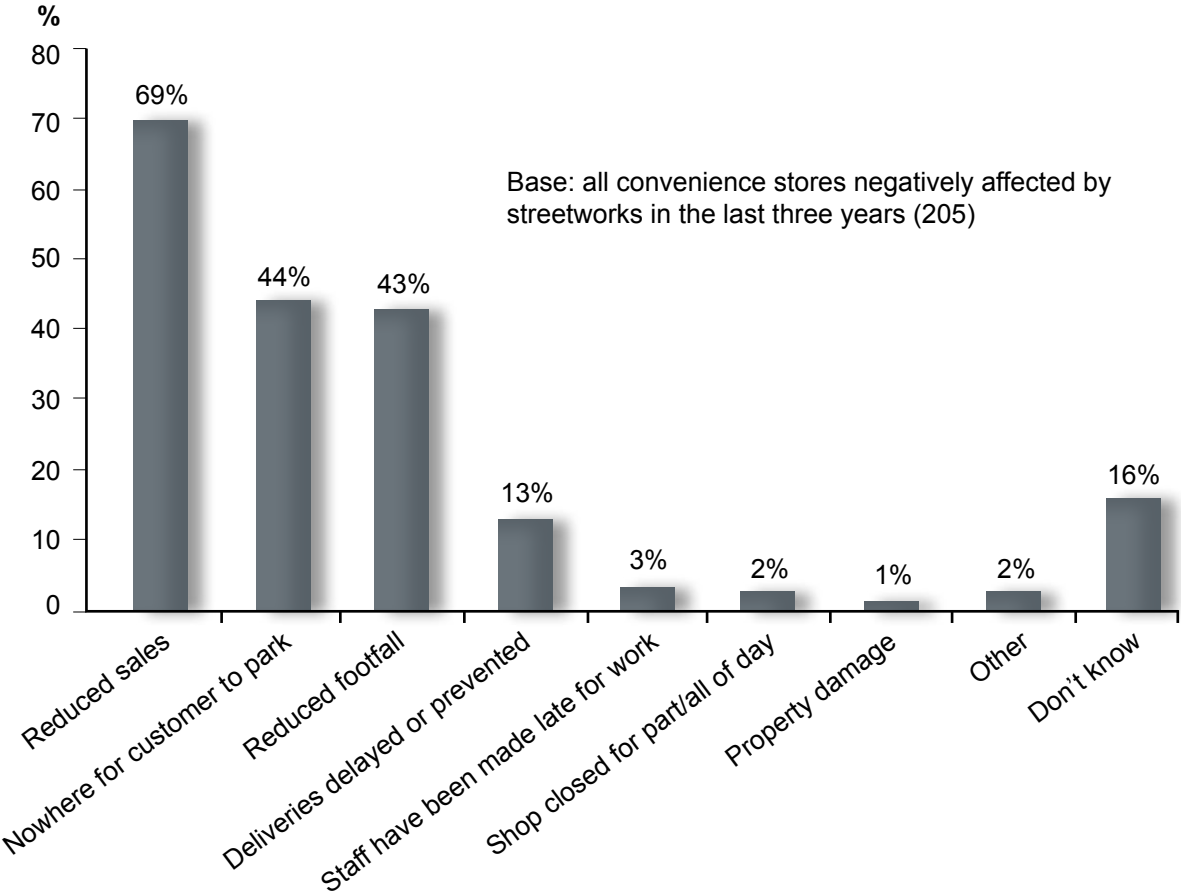
Fifty seven per cent of convenience stores have experience streetworks over the last three years outside or in the vicinity of their business. Of convenience stores that had experienced streetworks, 72 per cent stated that these streetworks had a very or fairly negative impact on their business.

For convenience stores stating streetworks had a negative impact on their business, the majority (69 per cent) selected that streetworks had caused a reduction in sales.

The reduction in overall sales in an instance of streetworks equated to 10 per cent to 24 per cent for the greatest proportion of respondents (39 per cent).



Figure 2: In which of the following ways have streetworks had a negative impact on your business in the last three years?



The negative effects of streetworks impacted on convenience stores for varied lengths of time. The greatest proportion of respondents (19 per cent) stated either ‘for at least two weeks but less than a month’ or ‘for at least a month but less than two months’.

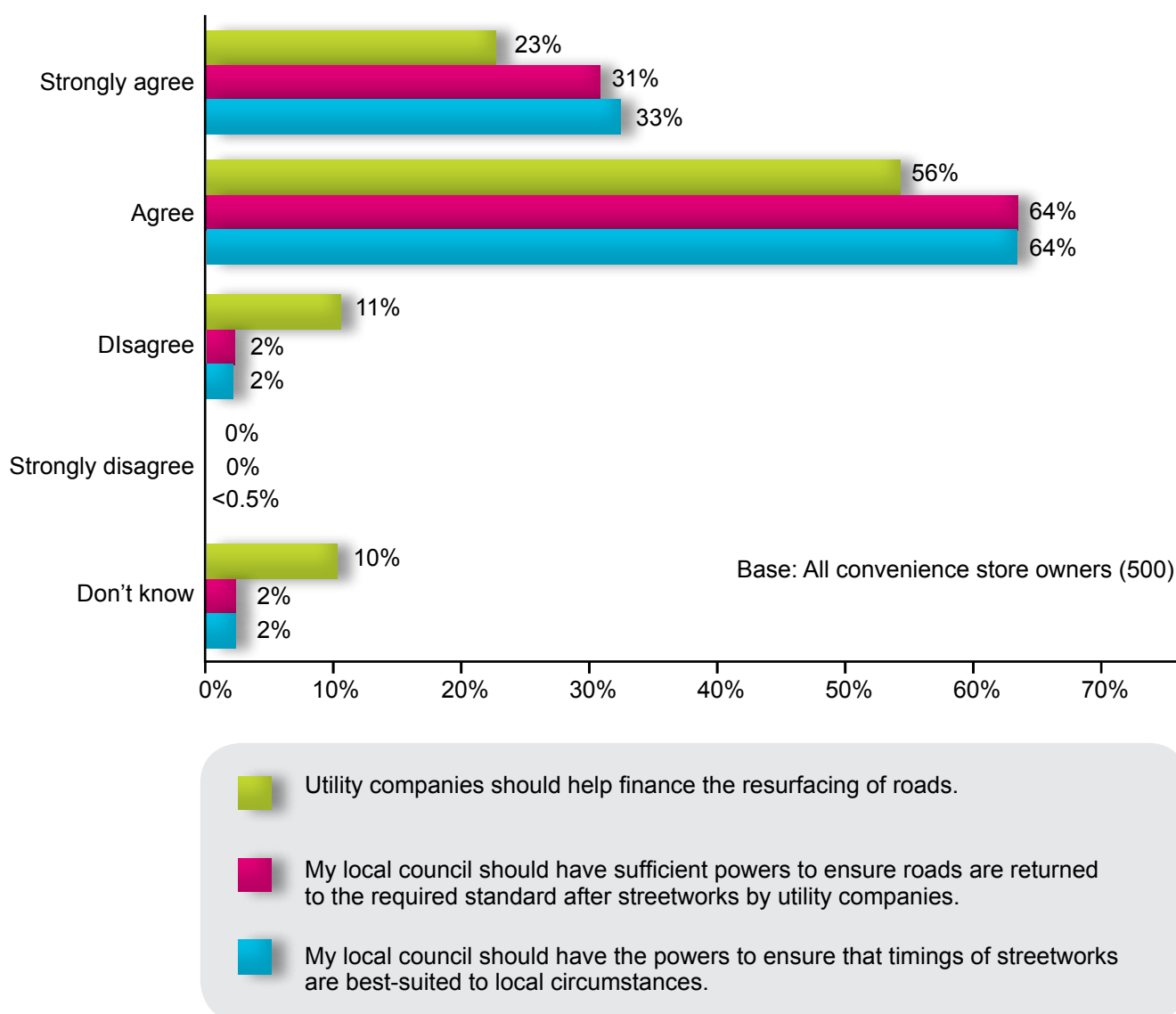
Table 1: Thinking about all the times there have been streetworks outside or in the vicinity of your shop over the last three years in total for how long would you say streetworks have negatively impacted upon your business?	
Length of time	% of respondents
For under a week	9
For at least one week but less than two weeks	9
For at least two weeks but less than a month	19
For at least a month but less than two months	19
For at least two months but less than six months	16
For six months or more	9
Don't know	19
Base	205

Streetworks and utility companies

Convenience store owners were asked a series of questions about streetworks and utility companies.

- 79 per cent of convenience store owners strongly agreed or agreed that utility companies should help finance the resurfacing of roads
- 95 per cent of convenience store owners strongly agreed or agreed that their council should have sufficient powers to ensure roads are returned to the required standard by utility companies
- 96 per cent of convenience store owners strongly agreed or agreed that their council should have the powers to ensure that timings of streetworks are best suited to local circumstance.

Figure 3: Do you agree or disagree with the following statements?







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please contact us on 020 7664 3000.
We consider requests on an individual basis.

Item 6

Council's role in supporting International Trade and Investment

Purpose of report

For discussion and direction.

Summary

This paper provides an update on the work to support councils' role in trade and investment being led through the LGAs' European and International Board and Economy and Transport Board. The project seeks to align local council's international trade and inward investment activity with the national role of UK Trade and Investment (UKTI), the UK's international trade and inward investment promotion organisation.

Recommendation

Members are invited to note the progress of the project and to provide comment and direction as necessary.

Action

Officers to take actions as directed.

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Item 6

Council's role in supporting International Trade and Investment

Introduction

1. Increasing the UK's exports and attracting more inward investment are a key part of the Government's plans to return the economy to sustained and balanced growth.
2. Lobbying and campaigning work led by the European and International Board and Economy and Transport Board has demonstrated council's excellent record in helping to attract inward investment opportunities and supporting export activity. This work was a key feature of the Economy and Transport Board's Local Growth Campaign in 2012 and a key recommendation was to re-establish the role of councils in trade and investment within UK national policy.
3. The Board's work has highlighted that it is often the case that foreign investors approach local councils first when considering new investments. There is also evidence that councils abroad (especially in the developing economies) are using UK councils as a conduit to UK firms when they are considering public/private partnerships for domestic public services.
4. Due to the combined activities of the Boards, there is now strong and active interest from UK Trade and Investment (UKTI) to work with the LGA on this issue. It has therefore been agreed to combine activities of the two Boards under a single programme and progress on this programme will be reported to two Boards individually. The lead members of the Boards will convene to approve key principles.
5. Members are invited to note the progress of the project and to provide comment and direction as necessary.

Update the direction of future work

6. The lead members of both Boards met on 10 January to discuss consolidating LGA's activity on international trade and investment under a single programme. Members were invited to comment on possible activity for the next 6-12 months.
7. The lead members suggested that the focus of work with UKTI should be to identify those areas where councils can be most effective in supporting the drive for new inward investment and external trade. This could include:
 - 7.1. Tapping into the demand from devolved regions and administrations in developing economies for clear trade links with their peers in the UK.
 - 7.2. Identifying where UK firms could be supported to break into new markets below the national level through local-to-local government work.
 - 7.3. Identifying where state purchasing powers have been localised abroad and identifying where local-to-local work would be more effective than national diplomatic relations in building trade links.

Item 6

8. Board leaders were also keen that the programme should aim to deliver practical benefits to local councils. Suggestions included:

8.1. The LGA could provide a service for local authorities and Local Enterprise Partnership (LEPs) by signposting them to UKTI senior officials and their programmes and disseminating examples of good council/UKTI work.

8.2. The LGA in partnership with UKTI should seek to encourage LEPs to be more active in securing international inward investment.

Developing the work streams

9. LGA members and officers have met with UKTI regional directors to follow-up discussions at UKTI London headquarters. The objective of this meeting was to:

9.1. Emphasise councils' commitment to working with UKTI to support the drive for economic growth and to agree tangible actions.

9.2. Showcase local council's track-record of attracting inward investment opportunities and supporting export activity.

9.3. Discuss how councils and UKTI might work together to jointly promote issues of common interest such as identifying where local (rather than national) players may have a greater impact on future trade and investment.

10. The discussions were positive and consensus was reached on key areas of principle. It was agreed that these would be developed into a tangible work stream by late March. Areas to be considered include:

10.1. The range of council led support that UKTI could consider in the UK (for example, civic greeting of foreign trade delegations, supporting work with diaspora communities, continued relationships with ex-students and local trade fairs).

10.2. UKTI investigating cities and regions in developing economies where UK needed better trade relationships. We would consider where such cities had strong local government and whether trade relationships were best developed at the local level.

10.3. The support that is being requested from elected politicians in developing economies who are considering commercialising their services and whether the type of peer support utilised by English councils could be made available.

11. Members are asked to consider the proposals in this paper and provide suggestions to further this work.

Item 7

Town Hall Summits

Purpose of report

For noting.

Summary

The 2012/13 programme of Town Hall Summits continues into the new year with a debate hosted with Reading Council on 5 February focussing on what the councils role is in tackling youth unemployment.

These summits are designed to address some of the barriers to local growth which were identified in the Board's 2012 report *Local leadership, Local Growth*. The objective of these summits is to set out how greater devolution and stronger localism could help overcome barriers, to ensure that these solutions are tested locally and that key decision makers are presented with the solutions we are promoting. The full programme of summits and the details for each event is attached as **Appendix A** to this report.

Recommendation

Members are asked to note the report and promote the summits.

Action

Officers to take actions as directed.

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Town Hall Summits 2013

Speakers (all TBC)	Recommendations from the 2011/12 campaign findings	Solution to be discussed at the summits
Hidden Talents- councils role in tackling youth unemployment		
5 February 2013 - Reading Town Hall, Berkshire		
Chair: Cllr Tony Ball Cllr Lovelock, Leader Reading Council Cllr Tony Page Senior representatives Principal of Reading College JC+ local representative	A closer match is needed between skills provision and the needs of local businesses. The role of councils working with employers, local colleges and providers needs strengthening to ensure that local skills needs are met effectively and local skills problems addressed.	Hidden Talents II sets out local government's proposition to government for reducing long-term youth unemployment. The LGA has set out a model based on 4 key proposals of how councils can work with its partners to unlock value in current national and local provision for young people.
Transport devolution and unlocking local growth		
5 March 2013 - Mansion House, Staffordshire		
Chair: Cllr Peter Box Cllr Philip Atkins Norman Baker MP, Under-Secretary of State for Transport Invited - Jaguar Landrover CEX	Transport needs to be central to the growth agenda and local authorities need greater control over transport decision-making.	The opportunities to unlock local growth provided by transport devolution need to be realised. The summit will showcase examples of good practice and address remaining challenges with the aim of generating consensus across the sector and government on the further steps that can be taken to create locally integrated transport systems demanded by the growth agenda.

The link between adult skills and local growth			
21 March 2013 - Council House Conference Centre, Bristol			
Chair: Cllr Peter Box Bristol Mayor George Ferguson Representatives from Community Learning Trust demonstration pilot areas	The role of councils working with employers, local colleges and providers needs strengthening to ensure that local skills needs are met effectively and local skills problems addressed.	Co-hosted with NIACE, we will explore the role that councils can play in coordinating with other partners and employers to deliver adult skills so that local jobs and opportunities are taken. It will explore how councils are ideally placed to act as a key driver for behavioural changes within their communities as well as the broker between agencies and partners.	
Innovation and Higher Education			
22 April 2013 - Manchester University			
Chair: Cllr Peter Box Professor Rod Coombs, Deputy President and Deputy Vice-Chancellor, Manchester University Cllr Sue Murphy, Deputy Leader, Manchester City Council Mike Blackburn, Chair LEP	Innovation and the ability of UK business to maximise the commercial outcome from innovation is recognised at the highest levels. Innovation accounts for 63% of all annual labour productivity growth since 2002 (BIS annual innovation report 2010). Universities have a significant economic impact on regions. The sector employs more than 1% of the UKs total workforce. For every 100 full time jobs within universities, 100 more elsewhere are created due to knock on effects. For every £1million of university output, a further £1.38 million is generated in other sectors of the economy (UUK 2009)	The summit will showcase the role universities can have in driving local growth and encourage greater interaction between local authorities, universities and business in both innovation and growth. As part of this summit we will be launching a statement of intent. This will ask authorities and universities alike to sign up and commit to working better together. It will set out the benefits of collaboration not just in relation to skills but civic leadership and the positive impact collaboration can bring to the local area.	

LGA Economy and Transport Board		
30 May 2013 hosted by South Lakeland DC and Cumbria CC, Kendall, Cumbria.		
LGA Economy and Transport Board Members Lead South Lakeland DC and Cumbria CC Members Others as requested	Issues including transport infrastructure, closing the gap in broadband and mobile connectivity, and access for local people to employment opportunities in rural communities are essential in the debate about promoting growth throughout the country.	The Board will be followed by a discussion on the issues unique to economic growth in rural communities, and how councils can work with partners to overcome these. The May Board will be hosted by South Lakeland District Council and the Board Members will be visiting a number of the area's projects and initiatives taking place across Cumbria to stimulate growth.
SME's - What do they look like and access to finance		
Date TBC - Guildhall, York		
TBC	SME's are essential to local growth and must be nurtured in the current economic climate. Issues with access to funding and barriers to employment and apprenticeships need removing.	<p>This summit will propose the key ways that councils, working in partnership, can support SMEs, including, but not limited to:</p> <ul style="list-style-type: none"> ~ Fostering business growth ~ How council services relate to SMEs ~ How public sector procurement can assist SMEs ~ How councils can promote trading opportunities. <p>We will also explore the barriers that councils face in being able to support SMEs to survive and grow, including what role councils could play in helping SMEs getting access to finance.</p>

Item 8

Growth and Infrastructure Bill – LGA activity update

Purpose of report

For information.

Summary

This paper provides an update of LGA lobbying activity on the Growth and Infrastructure Bill.

Recommendation

Members are asked to note the report.

Action

Officers to take actions as directed.

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Item 8

Growth and Infrastructure Bill – LGA activity update

Introduction

1. This paper provides an update on the LGA's lobbying programme around the Growth and Infrastructure Bill, which is being led by the LGA Environment and Housing Board due to the large focus on planning within the legislation.

Summary of activity in the House of Commons

2. The LGA briefed MPs from all parties throughout the Common's stages of the bill and LGA positions were reflected during the debates. A number of examples are detailed below.
3. **Mary Glendon MP (North Tyneside, Lab):** *"I have to agree with the Local Government Association that the Bill represents a blow to democracy and is at odds with the Government's localism programme... I fully support the LGA in its premise that it makes more sense adequately to fund locally accountable decision making than to fund a quango, such as the Planning Inspectorate, to make such decisions."*
4. **Annette Brooke MP (Mid Dorset and North Poole, Lib Dem, LGA Vice-President):** *"It is interesting to note the cross-party Local Government Association view of this proposal as counter-productive, centralist and at odds with localism. That raises the question of whether planning is the problem, and I am not at all sure that I would follow entirely the analysis made by the hon. Member for Henley (John Howell)."*
5. **James Morris MP (Halesowen and Rowley Regis, Cons, CLG Select Committee member):** *Commenting on Clause 1 of the bill "I hope that the LGA, working with the Government, will be able to raise the performance of planning authorities without those measures being necessary. We need to be careful to avoid central prescription and to get the criteria right."*
6. Throughout House of Commons Committee Stage, clause-by-clause briefings were issued to the Bill Committee members and LGA officers met with committee MPs to brief directly on our position in relation to the Bill. The LGA submitted written evidence to the committee and Cllr Mike Jones (Chair, Environment and Housing Board) and Paul Raynes (LGA Head of Programme for Environment and Housing) provided oral evidence. Cllr Eddy Poll (member, LGA Environment and Housing Board) also represented the LGA at the Housing and Planning All Party Parliamentary Group to discuss the bill with MPs and Peers.
7. Officers have met with a range of stakeholder organisations to discuss the bill. This includes joint briefing to promote government reforms to the Town and Village Green registration system, which the LGA supported with a range of organisations including HBF, NHF, RIBA, NFU, BPF, CLA. The LGA is also collaborating with London Councils to promote an LGA sponsored amendment to lift the housing borrowing cap.

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8. Political level discussions continue. Cllr Jones met with Planning Minister Nick Boles MP to discuss the bill with a particular focus on clause one relating to poor performance in planning authorities. Cllr Jones presented the LGA's arguments that performance issues would be more effectively dealt with through a sector-led approach to improvement rather than central intervention and that councils should be given time to demonstrate improvement before decision making is transferred to the Planning Inspectorate. The Minister said that government was committed to introducing the measures under clause one, but recognised the important role that sector led improvement could play in helping councils to avoid designation. Officers are developing a package of sector-led support for councils who could be at risk of designation with a view to ensuring that powers within the Bill do not need to be used.
9. The house voted on third reading, and the Bill was passed by 273 to 231 with no significant changes.
10. The LGA has also responded to a range of related consultations on the bill including detailed proposals on designating poor performance in councils and extending the nationally significant infrastructure regime to cover business and commercial applications. Copies of our responses to the consultations are available on the LGA website.

Summary of activity and forward plan for activity in the House of Lords

11. The bill had its second reading in the House of Lords on 8th January 2013 and committee stages will begin on 22nd January. The LGA's briefing for second reading is attached at **Appendix A**. During the debate a number of Peers reflected LGA lobbying positions.
12. A programme of engagement with Peers across the political parties and with Cross Bench Peers is underway, and briefing sessions have been arranged in early – mid January 2013 led by lead members of the Environment and Housing Board where possible. In addition to presenting LGA positions and proposed amendments to the provisions of the bill, the briefing sessions will be used to promote a range of new clauses which would extend the scope of the bill to focus on issues that would help promote growth. New clauses promoted by the LGA include clauses on removing the borrowing cap, mainstreaming city deal powers, removing obstacles to the use of compulsory purchase orders, localising permitted development and changes to Local Development Orders.
13. While we will be continuing to take a strong stance on all the proposals of concern and call for their deletion from the face of the Bill, we are exploring with Peers from across the main political parties as well as the crossbenches the possibility of constructive amendments which could mitigate unintended consequences.
14. A list of amendments and new clauses which the LGA is attempting to pursue with parliamentarians can be found in **Appendix B**. This list is not final, and further discussions are being held with the Environment and Housing Board on LGA proposals for the Bill.

Appendix A

LGA Briefing – House of Lords Second Reading

8 January 2013

- This **Bill presents an ideal opportunity** to empower local areas to drive economic growth. However **as currently drafted the Bill will miss that opportunity** and risks failing to deliver the growth we need. This is because of its focus on planning which is not a barrier to growth.
- The LGA would like to see a focus in this Bill on the real barriers to growth and much needed house building – access to finance to build and to buy.
- **The Bill seeks to tackle a non-existent barrier.** The planning system is supporting and approving sustainable development:
 - There is a building backlog of 400,000 new homes with planning permission, but yet to be built by developers;
 - Approval for residential and commercial applications are at a record ten year high;
 - 87% of applications were approved in 2011/12.
- The Bill in its current form **represents a blow to local democracy**, by taking authority away from democratically accountable and locally elected councillors and placing it instead with the Planning Inspectorate (PINs), a national unelected quango.
- The Bill **moves away from the localism agenda** by proposing a significant expansion to the power and role of the Inspectorate, expanding resources which would be better offered to properly empower local planning authorities.
- The measures within the Bill are likely to be **counterproductive** in terms of stimulating growth, since the removal of local decision making risks seriously denting trust at the local level. This could mean some communities are likely to be increasingly reluctant to accept new development in their areas. The Bill is also **likely to cause significant delay** as the legislation is finalised and ensuing appeals take place.

Designation of councils and determination of planning applications by the Secretary of State (Clause 1)

- Clause 1 reflects the Bill's **misconceived focus on planning, which will not tackle the barriers to growth i.e. access to finance to buy and to build**:
 - Gross mortgage lending was 61% lower in 2011 than in 2007;
 - the number of mortgages fell by 50% between 2007 and 2011; and
 - The average deposit for a first-time buyer is over £26,000, doubling since 2007 in a period when incomes have declined.
- Clause 1 is **unnecessary since councils are overwhelmingly saying 'yes' to development through the planning system**:
 - 2011/12 saw a 10 year high in percentage of applications approved for all types of development (87% of applications were approved)¹.

¹ <http://tinyurl.com/c8c289a>

- 400,000 homes have planning permission but are yet to be built²
- Clause 1 **moves away from the localism agenda**. Shifting authority to the Planning Inspectorate (PINs), will remove local accountability and risks denting the trust of communities. It will also require a significant injection of funding. It makes more sense to prioritise funding for swift decisions at the local level, than to expand an unelected quango.
- Clause 1 maybe **counterproductive**, as the **criteria for measuring performance** (time taken and number of approvals given) will result in a focus on blunt targets, driving unintended consequences and behaviours. The focus should be on the outcome – better to take an extra week and get an application approved, than rush the decision and have it rejected in order to meet centrally set timeframes.
- Similarly, this Clause could **slow the system down, and with it economic growth**, by driving up application refusals close to the deadline in situations where applicants have not negotiated planning performance agreements. This has not been appreciated by DCLG or HMT and must be addressed.
- Clause 1 could be **unworkable** in terms of driving improvement or speeding up appeals since small planning authorities may only have two or three major applications a year, which will heavily skew their figures. It is also unclear how an authority can demonstrate improvement if they're no longer dealing with major applications.
- If DCLG's aim is to target a small number of authorities, this Clause is a sledge hammer to crack a nut. A more targeted approach would be for central Government to look to the sector (supported by the LGA) to help councils that might have performance issues ahead of any intervention. The LGA would therefore like the Clause **amended in order to introduce an 18 month time period** between identification of poor performance, and central intervention.

Limiting the information that local planning authority can require to that which is 'reasonable' (Clause 5)

- This clause is **unnecessary** and represents a move away from the localism agenda. **There is already a clear steer to local authorities within the National Planning Policy Framework (NPPF)** regarding information requests. Further clarification through primary legislation is completely unnecessary and based on anecdotal rather than clear evidence.
- The NPPF states: "Local planning authorities should publish a list of their information requirements for applications, which should be proportionate to the nature and scale of development proposals and reviewed on a frequent basis. Local planning authorities should only request supporting information that is relevant, necessary and material to the application in question."³

² <http://tinyurl.com/byb462w>

³ See paragraph 193 at <http://tinyurl.com/abvfzc2>

Modification or discharge of affordable housing requirements secured through Section 106 agreements (Clause 6)

- This clause **will not stimulate economic growth** because changes to s106 agreements will not address the wider market issues which relate to demand and access to mortgage and development finance.
- Clause 6 **is unnecessary** because councils are already responding to changed economic circumstances by renegotiating s106 agreements voluntarily. Recent research shows only 2% of councils⁴ would refuse to renegotiate and in the majority of situations councils are willing to accept a level of affordable housing a round a third lower than set out in the Local Plan.
- The clause **centralises authority and resources with the Planning Inspectorate (PINs), rather than locally with planning authorities**. Clause 5 will require a significant expansion of the function, responsibilities and resources of PINs at the expense of local decision making. Such funds could be better spent on properly resourcing planning authorities at a local level.
- The clause **moves away from the localism agenda**. Assessing viability of development is not an exact science and is dependent on many varied local factors. Viability decisions are therefore best made at the local level. The LGA is concerned that the proposal will take no account of the judgement and financial assessment of the authority with regard to the viability of a specific site balanced with its affordable housing needs.
- **By risking delays to economic recovery, Clause 6 may prove counterproductive**. Housing developments are stalled now and the country cannot afford to wait for Royal Assent, and the resulting appeals to take place. This legislation unintentionally encourages developers to hold off on development until the proposals are implemented, in the hope they can achieve a better deal. Clause 6 may also lead to time and resources being spent locally and centrally on cases where viability may not be a genuine problem.
- **The proposal will put the provision of affordable housing at risk**. DCLG's own impact assessment highlights a potential impact on 333 to 666 sites. **The Clause de-prioritises affordable housing below other elements of s106 agreements** such as skate parks and art on bus shelters. Councils believe affordable housing is a high priority for local residents.

Amendments to the Communications Act (Clause 8)

- This Clause facilitates DCMS' 7 September 2012 announcement that "broadband street cabinets can be installed in any location other than a Site of Special Scientific Interest without the need for prior approval...without any conditions."
- **These proposals take the democratic right away from people to have a say over the location of six-foot high junction boxes and overhead poles in the hearts of their communities**. Decisions on where to place broadband infrastructure must balance the local environmental and economic impacts.

⁴ See page 6 of the research available in full on our website at <http://tinyurl.com/dxwqkee>

- Ministers must offer the strongest reassurance possible that this will not open the door to uncontrolled building of mobile masts in beauty spots, historic locations, or next to schools, and explain that reassurance will be given effect. Councils are extremely concerned that conservation areas are not exempt from the proposals.
-

Registration of town and village greens (Clause 13-15)

- The LGA welcomes these measures to align the town and village green regime into the planning system. Traditional and genuine village greens are vital elements of sustainable and vibrant communities, and will not be endangered by these Clauses.
 - These proposals are essential to align the town and village green regime with the planning system. This will ensure that discussions about the future of sites take place primarily through the democratically accountable planning system, removing unnecessary duplication of time and cost.
 - Town and village green legislation can be used inappropriately to block or stall development. Such a technique can delay development for years and cost the council and others involved large sums of money. The current financial climate makes the resolution of this issue urgent.
 - These clauses will ensure false claims are revealed swiftly; all genuine claims receive fair and robust consideration; and the primacy of Local Plans are maintained.
 - The administrative burden involved with processing applications is substantial whilst there is currently only a nominal cost to the applicant. A recent example from a county council cited costs of legal advice at £32,000 for one case alone. It is therefore helpful that the Bill will enable a fee to be charged locally. This should be levied at a rate that is still feasible for local groups – we suggest that this is best determined locally.
-

Extending the Major Infrastructure Planning Regime to include commercial and business projects (Clause 24)

- **The cross-party LGA is seriously concerned by the potential implications of Clause 24.**
- This measure could allow for planning decisions of major **local** importance and interest to residents (for example leisure complexes, large offices, and exhibition centres) to be removed from local authority hands and centralised.
- **The LGA maintains concerns on what will potentially constitute business and commercial development**, as set out in DCLG's current consultation⁵. All developments currently under consideration will have major local impact, hence they have to date been dealt with by the local authority.

⁵ The full DCLG consultation can be found at <http://tinyurl.com/cy3nbwb>. The LGA agrees with DCLG that retail projects and mixed use projects which contain dwellings should be exempt from this process.

- Running a consultation at the same time as Parliament's considerations (and not before) makes it impossible to understand the Bill's actual implications.
- The DCLG press statement accompanying the Bill's publication indicated that decisions on such large scale commercial projects will be fast tracked within 12 months. **This would not represent a fast track scheme. Using CLG's own statistics, councils are already determining and approving 87% of relevant large scale major applications within 52 weeks⁶.**
- As with other projects under the nationally significant infrastructure regime, councils will be provided with an option of presenting a local impact report detailing the likely impact of the proposed development on the area. **Such impact assessments come at significant cost to the local authority.** For example; Sedgemoor, West Somerset and Somerset County Council submitted a joint Local Impact Report for Hinckley Point Power Station. The main report is 652 pages long with a separate 12-page executive summary. The report is accompanied by a further 12,500 pages of appendices.

Selection of LGA suggestions on new clauses

The LGA has numerous proposals which it will be urging Parliament to consider in order to ensure the Bill has a positive impact on growth. These will include:

- **Removal, or relaxation, of the housing borrowing cap:** Local authorities have demonstrated their ability to borrow prudentially. Continuing to impose a cap, specifically on housing borrowing is unnecessary and anti localist. Relaxation of the limitations here would delivered 60,000 homes over the next five years and offer a 0.6% boost to UK GDP, without any adverse reaction from economic markets⁷.
- **Mainstreaming the package of benefits delivered through City Deals.** These deals have to date proven their success and the LGA welcomes Government's proposals to roll the initiative out further. We believe the benefits and opportunities should be open to any council or group of councils who can demonstrate the benefits which would be delivered.
- **Improving the involvement of statutory consultees.** To avoid unnecessary delays to development, we would support a system of incentives to ensure statutory consultees highlight early on whether or not they will be responding to applications; and if they are, to ensure they do so within agreed timescales.
- **Improve powers to bring empty properties⁸ back into use and to unblock stalled sites:** The compulsory purchase scheme could be better used if the costs currently borne by local authorities were not so significant and front loaded. We would like to discuss with Government how we can speed up the process, reducing liability for costs up front.

⁶ <https://www.gov.uk/government/publications/growth-and-infrastructure-bill-impact-assessment>

⁷ These points & others are substantiated by the *Let's Get Building* report (Nov 2012) <http://tinyurl.com/cq7xdb2>.

⁸ There are 700,000 in England existing homes sitting underused with many in poor condition and empty for long extended periods of time.

Allowing councils to set their own permitted development framework: A national approach to permitted development and changes of use⁹ will inevitably lead to unintended consequences and adverse impacts in different localities. We propose that a local authority is provided with powers to set out permitted development rights locally – subject to consultation and a local impact assessment. If not, the current tools allowing authorities to amend permitted development rights locally must be improved, allowing speedier use at less cost to authorities. The LGA will also be putting forward proposals to streamline and reduce cost, risk and bureaucracy in the Local Development Order process.

Repeal the need for Secretary of State approval on applications to de-register town and village greens and on the replacement land proposed. Provisions already exist in legislation to allow de-registration of Town and Village Greens. Where the green in question is significant in size (over 200 sq meters) the existing legislation requires replacement land to be identified and then registered as a common or green. Currently the Secretary of State is required to approve all applications (although decision making is delegated to the Planning Inspectorate) at an average cost of almost £5,000 to the applicant. We would like to see a more accountable and streamlined process by devolving decision making to the local authority.

⁹ This would allow **local reforms to the use-class system** which would aid local authorities in tackling the clustering of the same type of outlet (such as betting or fast food shops) where they are experiencing such issues, whilst promoting localities that are attractive to economic investment.

Appendix B

Amendments

N.B. The tabling of these amendments is dependent upon parliamentarians agreeing to take these suggestions forward, the tabling office agreeing they are in the scope of the bill, and sufficient parliamentary time for their consideration.

Clause 1

This clause allows for the designation of poorly performing planning authorities by the Secretary of State and removal of their powers.

1. Delete the clause
2. Period for sector-led improvement: Insert a time period between identification of 'poor' performance, and removal of a planning authority's powers. This period would allow the authority to develop an improvement plan and begin improving the service, supported by the LGA.
3. Amendment exempting any planning authority from being designated under Clause 1, if they have a Local Plan in place.
4. Amendment to ensure that the direction of travel in performance is taken into account when designating an authority.

Clause 5

This clause restricts the information that a local authority can request from an applicant to that which is relevant and reasonable.

5. Delete the clause

Clause 6

This clause allows developers to appeal to PINs to reduce the affordable housing levels within a s106 agreement, should a local authority refuse to do so to the level that the developer requests.

6. Delete the clause
7. Allow PINs to negotiate up, as well as down, affordable housing levels within s106 agreements, to introduce an element of risk for developers and encourage them not to simply 'have a go'.
8. Amendment to ensure that PINs must give material weight to the original decision, and evidence collected, by the local authority.
9. PINs must adhere to the same timetable as that which the Bill imposes on local authorities, for the consideration of appeals under this clause.
10. The LGA will also lend support to amendments proposed by the National Housing Federation who are seeking to limit the time period this clause is valid for under a 'sunset' provision and to expand the clause so that it deals with the whole obligation rather than simply the affordable housing element to ensure the viability of a development is

considered in context and enabling a genuine local negotiation related to the priorities for investment in an area.

Clause 8

This clause extends the matters to which the Secretary of State must have regard when making regulations about conditions and restrictions on application of electronic communications code.

Delete the clause

Insert a requirement that, in line with Minister's stated intentions, this provision only relates to broadband infrastructure.

Clause 24

This clause allows developers to request that commercial and business applications are considered by PINs rather than the local planning authority.

11. Delete

New Clauses

N.B. The tabling of these new clauses is dependent upon parliamentarians agreeing to take these suggestions forward, the tabling office agreeing they are in the scope of the bill, and sufficient parliamentary time for their consideration.

- A. Removing the housing borrowing cap
- B. Reporting on the roll out of city deal benefits for non-city areas
- C. Permitted development
 - Localising permitted development
 - Improvements to Local Development Orders (LDO)
 - Removing the need to secure Secretary of State approval for each LDO
 - Removing the need to issue an annual report on each LDO used
- D. Compulsory Purchase Order (CPO) system
 - allowing the CPO process to begin alongside the planning permission process, in order to speed up the process overall
 - exempting local authorities from paying a basic home loss payment (i.e. compensation) where a property has lain empty for two years.
 - Enabling local authorities to split compensation with developers
- E. Statutory consultees
 - Fining statutory consultees for late responses to planning applications
 - Removing the veto of statutory consultees (e.g. Highways Agency) over planning applications

LGA location map

Local Government Association

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For further information, visit the Transport for London website at www.tfl.gov.uk

Bus routes – Millbank

- 87** Wandsworth - Aldwych
- 3** Crystal Palace - Brixton - Oxford Circus

Public transport

Local Government House is well served by public transport. The nearest mainline stations are:

80 Victoria and Waterloo: the local underground stations are

St James's Park (Circle and District Lines), **Westminster** (Circle, District and Jubilee Lines), and **Pimlico** (Victoria Line) - all about 10 minutes walk away.

Buses 3 and 87 travel along Millbank, and the 507 between Victoria and Waterloo stops in Horseferry Road close to Dean Bradley Street.

Bus routes – Horseferry Road

507 Waterloo - Victoria

C10 Canada Water - Pimlico - Victoria

88 Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

Cycling facilities

The nearest Barclays cycle hire racks are in Smith Square. Cycle racks are also available at Local Government House. Please telephone the LGA on 020 7664 3131.

Central London Congestion Charging Zone

Local Government House is located within the congestion charging zone.

For further details, please call 0845 900 1234 or visit the website at www.cclondon.com

Car parks

Abingdon Street Car Park (off Great College Street)

Horseferry Road Car Park
Horseferry Road/Arneway Street. Visit the website at www.westminster.gov.uk/parking

